S5042-1

ECONOMIC UPDATE

Nevada Employment Security Division

Bob Miller, Governor | **1ST QUARTER 1994** | Stanley P. Jones, Administrator

SUMMARY

Unemployment Rate
(Seasonally Adjusted)

		Jan	Feb	Mar
Nevada	1994	5.0%	4.9%	4.9%
	1993	7.1	6.9	7.0
Las Vegas MSA	1994	5.7	5.2	5.2
	1993	7.3	7.0	7.0
Reno MSA	1994	5.5	4.9	4.7
	1993	8.5	7.5	7.0
U.S.	1994	6.7	6.5	6.5
	1993	7.1	7.0	7.0

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Consumer Price Index
All Urban Consumers
(1982-84=100)

	Jan	Feb	Mar
1994	146.2	146.7	147.2
1993	142.6	143.1	143.6

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Gross Gaming Revenue
(in thousands)

	4th Qtr. 1993	4th Qtr. 1992
Nevada	$1,481,670	$1,390,766
Clark Co.	1,129,808	1,061,823
Washoe Co.	219,891	209,050

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Taxable Sales
(in thousands)

	4th Qtr. 1993	4th Qtr. 1992
Nevada	$4,719,297	$4,062,732
Clark Co.	2,812,640	2,370,717
Washoe Co.	836,564	764,256

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NEVADA

Mike Clarke

The Nevada economic indicators that were available during the first quarter of 1994 were a continuation of all the positive statistics of 1993. Thousands more jobs have been created. The unemployment rate is stable. Unemployment claims filings are markedly below those of the same period in 1993. Gaming revenues and taxable sales receipts are up sharply. Air passenger and vehicle traffic counts continued to rise.

The State's seasonally adjusted unemployment rate was virtually flat for the first three months of the year. As was stated in the last *Economic Update* (and is explained on page 7 of this issue), little can yet be determined by comparing 1994 rates to those of prior years because of collection method changes. On the other hand the stability at the low rates recorded in January through March at least signals that the employment situation is being maintained in the face of the high in-migration of job seekers that Nevada has experienced in the last few years.

Establishment-based industrial employment grew slightly less through the first quarter of 1994 than it had for the same period in 1993, but as much as anything the difference could reflect the different weather conditions of this year compared to last. Last year, the severe winter weather in January caused an unusually high number of layoffs for the month — which in turn

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caused a strong job growth rate as weather conditions eased and businesses could return to normal operation. This winter was much milder, and fewer lost jobs in January. Of more importance than the trends within the quarter, though, is that the average number of jobs in Nevada for the three months of the quarter are over 50,000 more than the same period a year ago — and every industry but one participated in the growth.

SPECIFIC INDUSTRIES

Mining was the only industry to have lost jobs in the last four quarters, but proposed mining starts and expansions could take the industry from last to first in growth rate (but not in the total number of jobs created). New gold mines or gold mine expansions are anticipated in Esmeralda, Eureka, Elko, Lander, and White Pine Counties. In addition, construction work on the Magma Copper project in White Pine County will probably begin in earnest this year, and a wollastonite mine in Esmeralda County and its attendant mill in Nye County are expected to be in production by the end of the year.

Construction has become an industry of much concern because it foretells the growth of employment in other industries and because it had expanded so much in 1993. It was feared that the industry would take a strong downturn after the 1993 expansion, but a number of smaller (than the Las Vegas mega-casino) projects are apparently now supporting the industry. The lowest monthly employment level was in January, and it was only 4,000 less than the highest individual month of 1993. By March, the industry had regained 1,500 of that loss. Given the wide range of proposed undertakings in the State (from housing projects to mining operations to new casinos), any further slowdown in construction before late fall 1994 should be minimal.

The growth rate for the State's remaining "goods producing" industry, manufacturing, has been almost at a double-digit pace for the last year. The industry is expected to continue to grow this year, but probably at a slower rate than last. Much of the industry's growth came from firms that relocated from California, and the exodus from California appears to be slowing.

In the "services producing" sector, the service industries (largely on the strength of the hotels, gaming and recreation, or HGR, group) was the runaway leader in job creation — and growth rate. While HGR can't be expected to show the same amount of growth in the next year as last because there won't be three mega-casinos coming on line this year, it will grow. However, some of the smaller groups within the service industries, like business services and medical and health services, may actually show a higher growth rate than HGR.

The industry with the second largest number of new jobs was trade (with almost 85 percent of those new trade jobs in the retail sector). Since taxable retail sales receipts had over-the-year quarterly rate gains of 8.1, 11.3, 11.5, and 16.6 percent for the four quarters of 1993, reasonably strong employment growth in the industry seems a certainty. As has been the case in the past ten years, most of the trade growth will probably be in Las Vegas.

Finance, insurance and real estate (FIRE) has also done well in the last year, but the future is a bit cloudy now, particularly because of the interest rate increases by the Federal Reserve Bank. The most probable outlook is that commercial real estate development will continue strong because the interest rate increases are not yet great enough to significantly alter expected revenue flows. At the same time, residential real estate sales will surge as interested parties try to buy quickly in anticipation of additional mortgage rate hikes. It is likely that sales will then plateau or even decline for a while until a new set of buyers develop.

In consideration of all industries then, Nevada should do well economically through the summer in spite of the uncertainties about in changes national money controls.

CALIFORNIA & THE NATION

Some good news (finally) about California: even the conservative, often pessimistic UCLA Business Forecasting Project says that the California recession has ended. Federal earthquake repair spending was specified as the most important factor to give the necessary stimulus for recovery. Whatever the reason, good times for California are good times for Nevada.

On the other hand, the recent actions of the Federal Reserve in raising interest rates have certainly had a negative effect on the nation's financial markets. And in spite of those negative effects, the Fed has continued to raise the federal reserve rate — and is expected to raise the rate still higher in the next few months. The expected effect on the Nevada economy was cited above, and although what effect the interest rate hikes

will have on the long-term trend of the economy can only be determined after the fact, most analysts seem to believe that the national economy is now strong enough to withstand those hikes. Rather than crippling the economy, the Fed will probably just be slowing the rate of growth.

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LAS VEGAS

Bob Murdock

MSA DESCRIPTION

The new Las Vegas Metropolitan Statistical Area (MSA) consists of three counties, Clark and Nye Counties in Nevada and Mohave County, Arizona. (Prior to January 1, 1994, only Clark County was included in the Las Vegas MSA.) This definitional change has added roughly 40,000 jobs to the area.

By land mass, the new MSA is by far the largest in the nation — roughly 500 miles from the northwest to the southeast border. The MSA includes everything from mining areas near Tonopah and Round Mountain in the north to manufacturing and a retirement center in Lake Havasu City at the south with the glitter of Las Vegas in between. To understand the full size of the new MSA, look at the map on page 8.

Clark County accounts for around 91 percent of the total employment in the MSA. The hotels, gaming and recreation and the trade industries provide just over six out of every ten jobs in the county, with government and construction the next largest industries. Most of the population base in the county is in or around the Las Vegas Valley. The military is well represented by Nellis Air Force Base — one of the nations largest.

Nye County is the smallest contributor of jobs and population to the MSA. A rural county, it provides only about two percent of the MSA's jobs, most of which are in mining or the national defense industry. Nye County is the home of the nuclear test site and the massive Nellis Air Force Bombing and Gunnery Range. Its larger communities include Tonopah, Beatty, and Pahrump.

About seven percent of the total employment in the MSA is in Mohave County. The largest industries in the economy include service and trade, where a significant proportion is bolstered by tourism. Local and state government is also a major employer. More than in other areas of the MSA, manufacturing is a key player in the Mohave County economy. It contributes 21 percent of the manufacturing employment for the entire MSA.

There are three major communities in Mohave County: Kingman, Lake Havasu City, and Bullhead City. These towns are home to over 64 percent of the county's population. Because of the distance and diversity between these communities, they tend to operate as separate economic units.

Located on the Nevada border, Bullhead City serves as a bedroom community for many of the casino workers employed in Laughlin, Nevada. Kingman is a regional trade and distribution center, with some 50 companies located at its airport and industrial park. Lake Havasu City is a popular retirement area and has the largest population in the county.

LABOR FORCE & JOBS

Las Vegas MSA labor force growth continued to expand while unemployment fell during the first quarter of 1994. During the first three months of 1994, the jobless rates were 5.7, 5.2, and 5.2 percent.

Job gains as measured by establishment-based industrial employment continue to be impressive. Note that the majority of the Las Vegas MSA gains occurred in the final months of 1993 with the opening of three mega-casinos.

The growth has, however, continued into the first quarter of 1994. Overall, all industries reflected healthy growth rates, rates that were above their long-term averages. Job numbers increased steadily during the period: 474,900 in January, 478,200 in February, and 481,300 in March. Over-the-year March employment reflected an 8.6 percent increase or 38,300 new jobs in the region.

The services industry continues to post the strongest gains, increasing by nearly 12 percent over-the-year ended in March. This gain was driven by the hotels, gaming and recreation sector. The strength of this industry is mirrored by continued double-digit increases in gaming revenues. Business and medical and health services also reflected significant growth.

Since the 1990-1991 recession, trade employment growth has been relatively weak. This is surprising considering the coinciding double-digit increases in taxable retail sales receipts. In recent months the trade

industry has slowly improved. Growth rates have steadily increased, while taxable sales receipts havesoared — approaching 20 percent over the year. Annual employment gains in general merchandise and apparel and eating and drinking places exceeded seven percent during March.

Fueled by a healthy housing market and strong commercial development, the finance, insurance and real estate industry continued to exhibit strong growth. And surprisingly, construction employment has held up very well despite the completion of several major projects. Many area analysts expected to see a construction slowdown following the end of 1993, but the industry has continued to grow and March employment is nearly 6 percent (2,000 jobs) higher than last year.

Government, particularly local government, has also grown — largely to serve the expanding population. The only industry with any slowdown is mining where there has been a small decline of 100 jobs over the year.

OUTLOOK

The outlook for the coming months appears very positive for the Las Vegas area. The economy in California (Las Vegas' major market) seems to be shaking its recession with steady improvements in total business activity. The associated increase in discretionary income will allow more California residents to travel. Many of these tourists will undoubtedly make the new Las Vegas attractions their destination. Unemployment in the MSA is expected to remain between five and six percent for much of the year, and job growth should average between six and seven percent.

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RENO

George Anastassatos

Economic conditions in the Reno MSA showed some improvement over last year as the result of expanded construction activity, increased tourism, higher consumer spending, and favorable weather conditions. These factors will help provide impetus for future employment growth.

The number of unemployed in January stood at 8,900, declined to 8,100 for the following month, and dropped to 7,600 in March. In terms of joblessness, the rate was 5.5 percent in January, 4.9 percent for February, and 4.7 percent for March. The average unemployment rate for the period was a moderate 5.0 percent. In spite of improved business activity, many establishments had temporary and seasonal layoffs. This situation will probably continue in spite of further economic strengthening.

During the first quarter of 1994, establishment-based industrial employment exceeded last year's level by a healthy margin. All industries except mining shared in the year-over-year gain of 7,900 jobs. The gain was led by the services, trade, and construction industries. For the area as a whole, average employment growth was 5.5 percent greater than the year-ago period.

Employers in services, the area's principal industry, added 2,000 new workers, around 3.4 percent more than the same period of 1993. All job gains here occurred in the non-gaming establishments. Increases in medical and health and business services helped to offset the lackluster performance in hotels, gaming and recreation (HGR). It should be noted that although employment in the HGR sector has shown little growth for the past several years, that should change given all the expansions planned in Washoe County and especially when Project "C," the Reno mega-resort, opens in 1995.

Jobs in trade, the area's number two industry, were up by 1,700, averaging 34,500 for the quarter. Most of the gain was in the retail sector which was boosted by renewed strength in consumer spending.

On a percentage basis, construction and manufacturing led all industries with employment gains of 24.6 percent (up by 1,500 jobs) and 11.3 percent (up by 1,100 jobs), respectively. Many contractors have added to their payrolls as they undertake numerous multi-million dollar commercial, highway, and residential projects. A pent-up demand for housing combined with affordable interest rates has boosted activity in the Truckee Meadows. A rising demand worldwide for gaming devices and related products has prompted one local manufacturer to add hundreds of workers to its staff over the past year.

Employment in transportation, communication and public utilities (TCPU) was up by 700 positions, or a healthy 7.1 percent. In addition, there were 600 jobs added by governmental entities, mainly at city, school district, and other county jurisdictions. Despite job

consolidations in some financial institutions, growth in finance, insurance and real estate (FIRE) was up 200, a 2.9 percent gain.

SALES, GAMING & OTHER INDICATORS

Taxable sales receipts have shown significant increases since mid-1993. Sales were up 11.6 percent for the third quarter and 9.5 percent for the fourth quarter over the prior year. Preliminary reports for January and February 1994 indicate that surging consumer confidence has further boosted sales gains to 39.6 percent and 17.3 percent, respectively.

In a similar manner, taxable gaming revenues have increased, but at a much slower pace. During the third quarter of 1993, revenues were up only fractionally over the year, but growth in the final quarter was much improved, increasing by 5.3 percent. Preliminary reports for January 1994 indicated that over-the-year revenues were up strongly at 28.5 percent (which is inflated because of the heavy winter last year), while February was up 17.3 percent.

Other business indicators for the period were also favorable. Cumulative year-to-date air passenger traffic counts for the first two months of 1994 were up strongly at 18.8 percent. Air travel has exhibited double-digit percentage gains for 20 of the past 21 months, gains that have ranged from a low of 10.6 percent in February 1994 to a high of 42.5 percent April 1993. Similarly, automobile traffic counts were up 17 percent. At the same time, cumulative two-month permit activity for single-family and multi-family housing was up almost 62 percent over 1993 (principally on the strength of single-family units). Hotel/motel occupancy levels are also above last year's level. These trends all promise that the upcoming tourist season will be a profitable one.

PROSPECTS

During the second quarter of 1994, business conditions are expected to remain favorable. As happened in 1993, many of the anticipated employment gains will occur in the services, construction, and trade industries.

Furthermore, many establishments will be adding staff to accommodate visitors during the area's prime tourist season. Tourism activity should be favorable with many special events planned. Air traffic passenger counts will continue to grow as air carriers serve visitors from the western region.

In addition, consumption is expected to increase as more persons find employment and household income rises. Finally, a strong demand for durable and non-durable goods should bolster local manufacturing activities.

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BALANCE OF STATE

George Anastassatos

Joblessness for the balance of state (BOS) counties was mixed during the first quarter of 1994. The average unemployment rate was lowest for Storey County at 4.9 percent, followed closely by Humboldt County at 5.1 percent and Nye County at 5.3 percent. Counties with the highest jobless rates reached the double-digit level and included Lander County at 10.6 percent, White Pine County at 10.3 percent, and Eureka County with a 10.1 percent rate.

Temperate weather this year has reduced some of the seasonal and temporary unemployment that normally occurs at this time of the year, but the heavy in-migration of unemployed workers from other states to rural Nevada has continued.

CARSON CITY LMA

The Carson City LMA includes Carson City plus Douglas, Lyon, and Storey Counties. (All of the State's LMA's are shown in the map on page 8.) During the first quarter of 1994, the Carson City LMA's rate of unemployment averaged 7.4 percent, reflecting about 3,600 persons unemployed. Many companies have located in the valley and have lifted employment totals, but the area continues to feel the effects from the closure of the Ormsby House and Hardie Irrigation Co. About 200 new jobs can be expected, however, from Price-Costco Inc., who recently announced plans to open a membership-warehouse store in south Carson City this fall.

Taxable retail sales receipts for Carson City have increased strongly since the second half of 1993. This continued during the third quarter of 1993, receipts were up by 10.5 percent over the prior year. Similarly, the last quarter's increase was up 10.8 percent. Preliminary sales volume for the first two months of

1994 were also substantially higher, rising at 14.0 percent and 12.3 percent respectively.

In terms of taxable gaming revenues, percentage gains for the Carson Valley, which includes Carson City and the Minden-Gardnerville area, have been erratic. During the fourth quarter of 1993, revenues were up at a modest 3.7 percent rate. Preliminary reports for the first two months of 1994 show that the year-over-year gain was up strongly in January at 14.2 percent (due in part to favorable weather conditions), while the gain for February returned to the mid-three percent range. During the past year, gaming revenue activity at Lake Tahoe (Stateline) has also shown a seesaw pattern. The area had a healthy gain of 10.2 percent for the second quarter of 1993. However, revenues declined during the third quarter by 4.4 percent, before increasing by 5.8 percent for the fourth quarter. Preliminary gains for January 1994 indicated a significant 17.6 percent gain followed by a 16.2 percent drop in February.

Construction at several school locations and other activities have contributed to area employment. Two school projects are underway in Gardnerville valued at about $15 million, and a third project is underway in Silver Springs valued at several million dollars. In addition, a 254-unit subdivision was approved for the Dayton area as well as a 3,500-acre industrial park east of Fernley. Another Fernley project, an 8,000 square-foot convenience store, will add 70 jobs to the workforce this fall.

ELKO LMA

The Elko LMA is made up of Elko and Eureka Counties. During the first quarter of 1994, the Elko LMA's rate of unemployment averaged 6.3 percent, or 1,280 persons unemployed.

Growth in taxable sales receipts for Elko County was moderate for the second and third quarters of 1993, rising by 6.5 percent and 5.8 percent, respectively. However, receipts jumped strongly during the fourth quarter of last year, increasing by 15.3 percent. Preliminary statistics for January 1994 reported that receipts were up at an even higher 18 percent, but reports for February indicated a fractional year-over-year decline.

In terms of taxable gaming revenues, percentage gains have been quite strong. This is attributed, in part, to growth at both Wendover and Jackpot. Revenues for the second, third, and fourth quarters of last year increased by a healthy 16.2 percent, 16.8 percent, and 18.1 percent over the prior year. Preliminary reports for the first two months of 1994 showed incredible 12-month gains of 47.0 percent and 24.8 percent, respectively.

Tourism at the Red Lion Inn and Casino should be aided by its recently obtained third jetliner. Like the other two Boeing 727's, the leased aircraft will bring tourists to the Elko resort from around the country.

Business activity and new construction projects at Jackpot and Wendover are also boosting tourism. Mining activity in the LMA is very strong, and the Bureau of Land Management recently approved expansion of a major project, the Meikle Mining Development Project near Carlin. The owner, Barrick Goldstrike, will begin construction right away. In addition, a $14 million interstate highway reconstruction project is underway east of Elko.

OUTLOOK

During the second quarter of 1994, business conditions in the balance of state counties are expected to remain favorable. Employment should accelerate in most industries. Activities in mining are underway in most counties with several projects undergoing expansions. Construction at the Fallon Naval Air Station has picked up as the area prepares for military personnel from Miramar Air Station, California. Other construction activities, including highway road work, are underway in many counties. Job gains should also be evident in the services industry and government as the population continues to grow.

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New Publication

The *Nevada Employer Directory '94* lists the names and addresses of all Nevada employers with over 20 employees (over 10 for manufacturing and wholesale trade), grouped by industry. To receive a copy, send a $15.00 check or money order to:

Employer Directory
Research Section
Department of Employment, Training & Rehabilitation
500 E. Third St.
Carson City, NV 89713.

Update on the effect of the new LMA's on Nevada data.

Data Revisions

Dan Culbert

In the fourth quarter *Nevada Economic Update*, we alerted users to the fact that several data series were undergoing significant revisions. As of this writing, many of these changes are in place, with several additional enhancements awaiting implementation.

To date, the switch that has caused the most controversy is the redefinition of Labor Market Areas (LMA's). Every 10 years, the nation's system of LMA's is reevaluated and redefined by the U.S. Office of Management and Budget on the basis of commuter data derived from the nationwide decennial census.

With the release of January 1994 data, the Reno MSA was unchanged. It still consists of Washoe County only. The Las Vegas LMA, on the other hand, changed dramatically. It went from consisting solely of Clark County to consisting of Clark County and Nye County in Nevada and Mohave County in Arizona.

The reasons for the change in the Las Vegas LMA are relatively simple. With the tremendous hotel-casino growth in Laughlin in the past decade, there has developed a close relationship with Bullhead City in Arizona as a bedroom community. This, coupled with Las Vegas residents working at the Nevada Nuclear Test Site in southern Nye County and the growth of Pahrump as a bedroom community for Las Vegas, makes for a logical three-county LMA.

Users with long-term economic time series models that used industrial-based data for the Las Vegas LMA, however, showed substantial shifts in their data series — which rendered much of their past work unusable.

To help combat this problem, we will continue to provide data for Nye and Clark counties separately in the *Nevada Employment and Payrolls*. Although the definitions vary somewhat from the Establishment-Based Industrial Employment and are only available on a lagged basis, they do provide a consistent time series. In fact, in several industries the data are identical, as the "Employment and Payroll" series is used as the foundation for the industrial series revisions.

Another step that is being pursued is the reconstruction of the establishment-based data series back to 1988. Currently we have available major division level data back to 1988. Plans now call for the development of the sub-industries (i.e., hotels, gaming and recreation, food stores, etc.) so that all the revisions caused by the creation of the new LMA will be completed by early June.

Note that the creation of an LMA in Nevada that includes a county from another state in no way alters the data or its usage for Nevada as a whole — or for that matter, data for any other county or LMA in Nevada.

In addition to the two major LMA's in Nevada — which are also known as metropolitan statistical areas (MSA's) — two small LMA's were defined. Data is now combined for Carson City, Lyon, Storey, and Douglas Counties and for Elko and Eureka Counties. Those groupings are called the Carson LMA and the Elko LMA. Data for the two can be found on page 13, and a map showing all the LMA's associated with Nevada as well as the Nevada counties is on the following page, page 8.

We are continuing to publish labor force data quarterly (but not monthly) for all areas in the State (on pages 10 through 13 of this issue). We are advising caution in using labor force data for the individual counties that are not independently estimated (i.e., Nye, Carson City, Storey, Lyon, Douglas, Elko, and Eureka). Those counties can only be broken out using 1990 census relationships. This obviously loses validity the further we move from the census.

In summary, many changes were introduced with the January 1994 data. Historical series using these adjustments are being prepared to assure that the change-over is as smooth as possible. However, with the number of changes being incorporated, previously established seasonal patterns are inconsistent with currently produced data. Therefore, we will be unable to publish a "seasonally adjusted unemployment rate" for each area. We have, however, verified that there is a seasonal pattern for industrial data for the new MSA, so those data items will appear on the seasonal adjustment series in this publication (on page 14).

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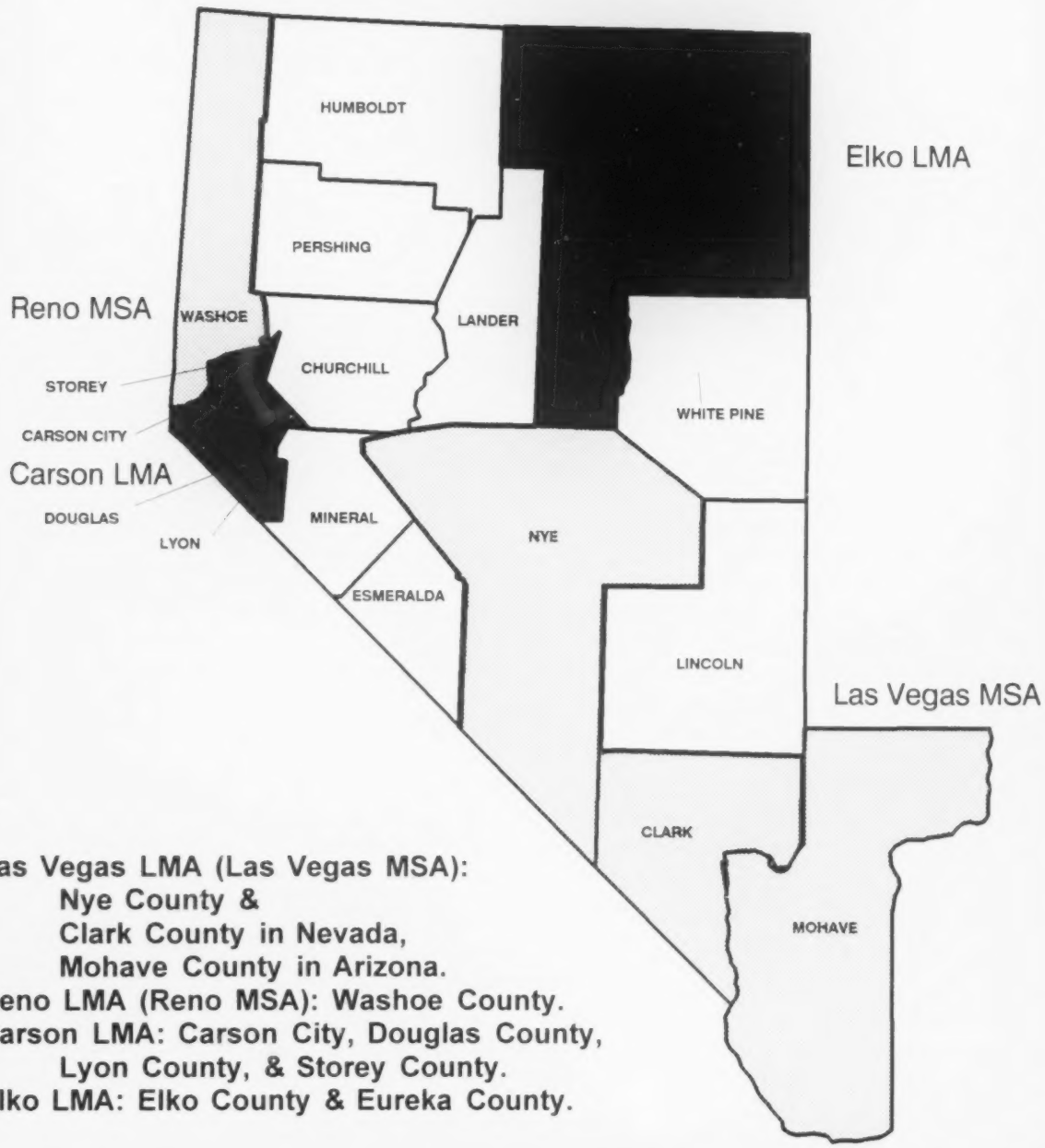
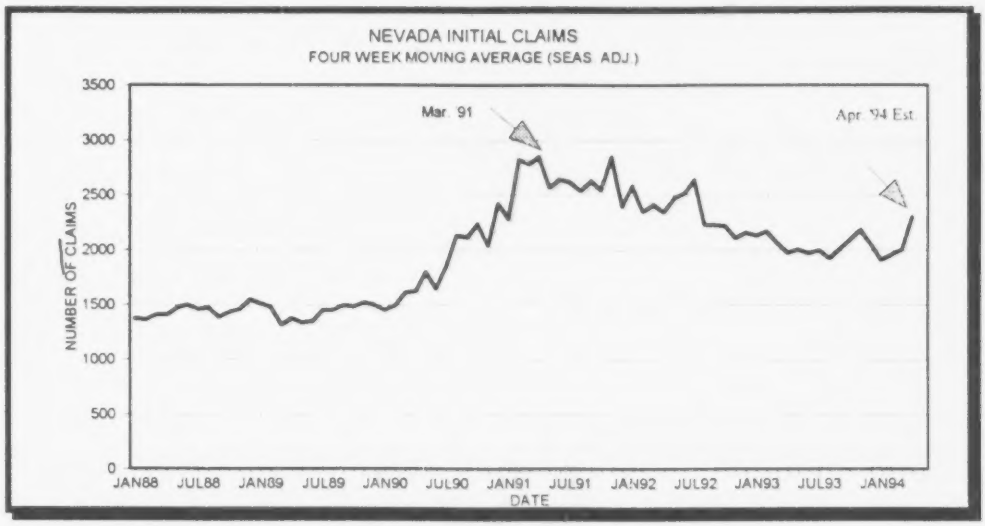
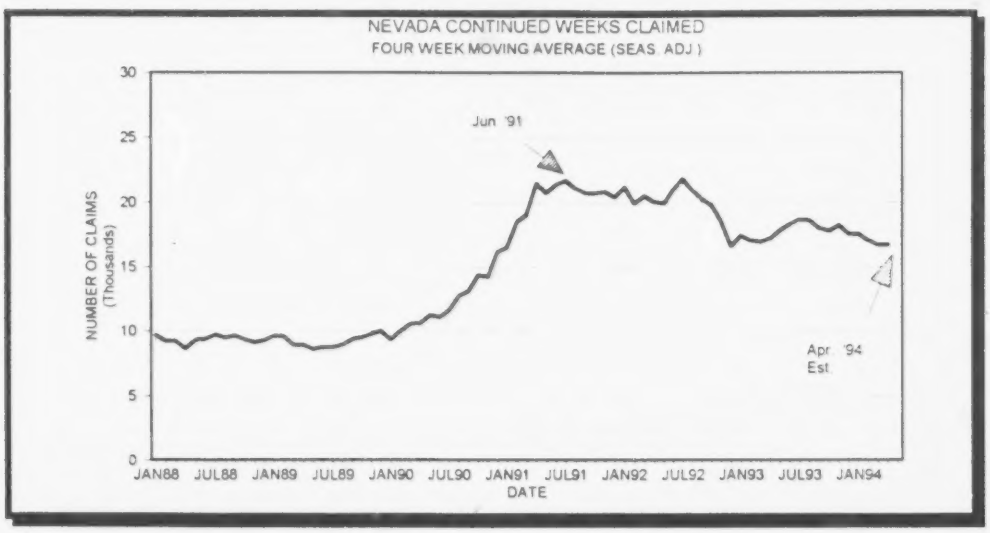
NEVADA
LMA's & Counties



Las Vegas LMA (Las Vegas MSA):
Nye County &
Clark County in Nevada,
Mohave County in Arizona.
Reno LMA (Reno MSA): Washoe County.
Carson LMA: Carson City, Douglas County,
Lyon County, & Storey County.
Elko LMA: Elko County & Eureka County.

Unemployment Claims Information





Claims for unemployment insurance are two of many measures of economic strength or weakness. *Initial claims* (marking a new spell of unemployment) are used by the federal government in its index of leading indicators — signals of the future course of the economy. *Continued claims* are filed after the initial claims and after eligibility has been established. It is a claim for a week of benefits and is more a current or coincident measure of the economy than the initial claims.

The upturn of claims in Nevada beginning in early 1990 and peaking in early to mid-1991 — depicted in both graphs — marked the latest economic downturn in the State. Since their peak, the overall trend in claims has been downward — although the path has been slow and uneven. A good part of this sluggishness has been the result of the great number of people moving into Nevada who, while looking for work here, were filing claims against another state.

NEVADA LABOR FORCE SUMMARY[1]

(ESTIMATES IN THOUSANDS)

	1994			1993		
	JAN	FEB	MAR[2]	JAN	FEB	MAR
CIVILIAN LABOR FORCE	762.6	775.7	774.9	724.3	727.0	729.5
UNEMPLOYMENT	43.7	40.8	39.3	56.6	53.4	52.4
UNEMPLOYMENT RATE	5.7%	5.3%	5.1%	7.8%	7.3%	7.2%
UNEMP. RATE (SEASONALLY ADJUSTED)	5.0%	4.9%	4.9%	7.1%	6.9%	7.0%
TOTAL EMPLOYMENT	717.9	733.9	734.6	667.1	673.0	676.5
PERSONS INVOLVED IN WORK STOPPAGES	1.0	1.0	1.0	0.6	0.6	0.6

ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT[3]

	1994			1993		
	JAN	FEB	MAR[2]	JAN	FEB	MAR
TOTAL NONAGRICULTURAL	690.2	695.5	700.3	639.1	643.3	652.0
GOODS PRODUCING	88.2	88.9	90.3	78.1	80.9	83.4
MINING	12.4	12.4	12.6	12.5	12.6	12.6
METAL MINING	11.2	11.1	11.3	11.4	11.3	11.4
CONSTRUCTION	45.3	45.8	46.8	38.1	40.4	42.5
MANUFACTURING	30.5	30.7	30.9	27.5	27.9	28.3
DURABLE GOODS	18.7	18.9	19.2	16.6	16.9	17.1
STONE, CLAY, & GLASS PRODUCTS	2.4	2.5	2.4	2.3	2.3	2.3
PRIM.&FABRIC. METAL	3.0	3.0	3.1	2.9	2.9	3.0
IND. & ELEC. MACHINERY	4.4	4.4	4.4	3.5	3.7	3.7
NON-DURABLE GOODS	11.8	11.8	11.7	10.9	11.0	11.2
PRINTING & PUBLISHING	4.4	4.4	4.4	4.3	4.3	4.3
SERVICES PRODUCING	602.0	606.6	610.0	561.0	562.4	568.6
TRANSPORTATION & PUBLIC UTILITIES	35.7	35.7	35.9	33.5	33.7	34.0
TRANSPORTATION	21.0	21.1	21.2	19.4	19.6	19.8
TRUCKING & WAREHOUSE	6.2	6.2	6.2	5.9	5.9	5.9
AIR	5.6	5.7	5.7	5.2	5.3	5.3
PUBLIC UTILITIES	14.7	14.6	14.7	14.1	14.1	14.2
TOTAL TRADE	135.9	135.8	136.4	129.5	128.0	128.8
WHOLESALE	25.5	25.5	25.6	24.2	24.3	24.4
RETAIL	110.4	110.3	110.8	105.3	103.7	104.4
GENERAL MERCHANDISE & APPAREL	20.1	19.5	19.5	19.6	18.8	18.6
FOOD STORES	15.1	15.5	15.5	15.1	14.8	14.8
AUTO DEALERS & SERVICE STATIONS	12.6	12.8	12.8	11.8	12.0	12.1
EATING & DRINKING PLACES	37.9	37.9	38.4	35.4	35.0	35.5
FINANCE, INSURANCE & REAL ESTATE	32.0	32.0	32.0	29.7	29.8	30.2
FINANCE	13.7	13.7	13.7	12.7	12.9	13.0
SERVICE INDUSTRIES	310.0	311.4	312.7	282.4	283.0	286.1
HOTELS, GAMING & RECREATION	184.0	185.0	185.8	166.2	165.2	167.1
PERSONAL	7.6	7.7	7.8	7.4	7.6	7.5
BUSINESS	33.0	32.6	32.7	28.3	28.7	29.2
MEDICAL & HEALTH	33.7	34.0	34.1	31.5	31.8	32.0
LEGAL,ENG.,ACCT., & MANAG.	22.1	22.2	22.2	22.2	22.4	22.4
GOVERNMENT	88.4	91.7	93.0	85.9	87.9	89.5
FEDERAL	13.3	13.2	13.3	12.9	12.9	12.9
STATE	21.1	23.2	24.3	21.0	22.9	24.0
LOCAL	54.0	55.3	55.4	52.0	52.1	52.6

[1]Adjusted by census relationships to reflect number of persons by place of residence.

[2]Preliminary

[3]Reflects employment by place of work. Does not necessarily coincide with the labor force concept. Includes multiple job holders.

LAS VEGAS MSA[4] LABOR FORCE SUMMARY[5]

(ESTIMATES IN THOUSANDS)

	1994			1993		
	JAN	FEB	MAR[6]	JAN	FEB	MAR
CIVILIAN LABOR FORCE	556.6	565.5	566.0	516.4	517.3	520.4
UNEMPLOYMENT	31.7	29.6	29.4	37.9	36.1	36.6
UNEMPLOYMENT RATE	5.7%	5.2%	5.2%	7.3%	7.0%	7.0%
TOTAL EMPLOYMENT	523.9	534.9	535.6	477.9	480.6	483.2
PERSONS INVOLVED IN WORK STOPPAGES	1.0	1.0	1.0	0.6	0.6	0.6

ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT[7]

	1994			1993		
	JAN	FEB	MAR[5]	JAN	FEB	MAR
TOTAL NONAGRICULTURAL	474.9	478.2	481.3	434.0	436.4	443.0
GOODS PRODUCING	52.6	53.1	53.9	47.6	49.2	51.1
MINING	1.7	1.7	1.7	1.7	1.8	1.8
CONSTRUCTION	34.9	35.2	35.9	30.8	32.2	33.9
MANUFACTURING	16.0	16.2	16.3	15.1	15.2	15.4
DURABLE GOODS	8.9	9.0	9.1	8.4	8.4	8.5
NON-DURABLE GOODS	7.1	7.2	7.2	6.7	6.8	6.9
SERVICES PRODUCING	422.3	425.1	427.4	386.4	387.2	391.9
TRANSPORTATION & PUBLIC UTILITIES	23.3	23.3	23.6	22.0	22.1	22.4
TRANSPORTATION	13.6	13.7	13.9	12.8	12.8	13.0
AIR	3.7	3.7	3.8	3.5	3.6	3.6
PUBLIC UTILITIES	9.7	9.6	9.7	9.2	9.3	9.4
TOTAL TRADE	94.3	94.5	94.8	90.1	89.2	89.7
WHOLESALE	14.5	14.6	14.6	13.9	14.0	14.0
RETAIL	79.8	79.9	80.2	76.2	75.2	75.7
GENERAL MERCHANDISE & APPAREL	14.6	14.3	14.3	14.0	13.4	13.3
EATING & DRINKING PLACES	28.6	28.6	28.8	26.7	26.4	26.9
FINANCE, INSURANCE & REAL ESTATE	23.5	23.4	23.5	21.5	21.8	22.1
FINANCE	10.2	10.2	10.2	9.3	9.5	9.6
SERVICE INDUSTRIES	225.9	227.1	228.0	201.1	201.5	203.7
HOTELS, GAMING & RECREATION	137.8	138.8	139.4	119.9	119.2	120.7
PERSONAL	5.4	5.5	5.6	5.5	5.7	5.6
BUSINESS	24.8	24.2	24.2	21.1	21.2	21.4
MEDICAL & HEALTH	23.5	23.7	23.8	21.5	21.9	22.0
LEGAL,ENG.,ACCT., & MANAG.	15.2	15.2	15.2	15.4	15.5	15.4
GOVERNMENT	55.3	56.8	57.5	51.7	52.6	54.0
FEDERAL	8.3	8.3	8.3	8.0	8.0	8.0
STATE	8.8	9.6	10.2	8.4	9.3	9.9
LOCAL	38.2	38.9	39.0	35.3	35.3	36.1

[4]The Las Vegas MSA consists of Clark and Nye Counties in Nevada and Mohave County in Arizona.

[5]Adjusted by census relationships to reflect number of persons by place of residence.

[6]Preliminary

[7]Reflects employment by place of work. Does not necessarily coincide with the labor force concept. Includes multiple job holders.

RENO MSA LABOR FORCE SUMMARY[8]

(ESTIMATES IN THOUSANDS)

	1994			1993		
	JAN	FEB	MAR[9]	JAN	FEB	MAR
CIVILIAN LABOR FORCE	161.5	164.6	164.2	157.3	158.1	158.2
UNEMPLOYMENT	8.9	8.1	7.6	13.3	11.9	11.1
UNEMPLOYMENT RATE	5.5%	4.9%	4.7%	8.5%	7.5%	7.0%
TOTAL EMPLOYMENT	152.6	156.5	156.6	144.0	146.2	147.1
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.0	0.0	0.0

ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT[10]

	1994			1993		
	JAN	FEB	MAR[9]	JAN	FEB	MAR
TOTAL NONAGRICULTURAL	150.7	152.2	153.2	142.0	144.0	146.4
GOODS PRODUCING	18.9	19.1	19.3	15.7	16.5	17.3
MINING	0.7	0.7	0.7	0.7	0.7	0.7
CONSTRUCTION	7.5	7.6	7.7	5.5	6.1	6.7
MANUFACTURING	10.7	10.8	10.9	9.5	9.7	9.9
DURABLE GOODS	6.5	6.6	6.7	5.5	5.7	5.8
NON-DURABLE GOODS	4.2	4.2	4.2	4.0	4.0	4.1
SERVICES PRODUCING	131.8	133.1	133.9	126.3	127.5	129.1
TRANSPORTATION & PUBLIC UTILITIES	10.6	10.7	10.6	9.8	9.9	9.9
TRANSPORTATION	6.4	6.4	6.4	5.6	5.7	5.7
PUBLIC UTILITIES	4.2	4.3	4.2	4.2	4.2	4.2
TOTAL TRADE	34.6	34.4	34.5	32.9	32.5	32.9
WHOLESALE	8.8	8.7	8.8	8.5	8.5	8.7
RETAIL	25.8	25.7	25.7	24.4	24.0	24.2
GENERAL MERCHANDISE & APPAREL	5.8	5.6	5.5	5.5	5.3	5.2
EATING & DRINKING PLACES	7.4	7.4	7.6	7.0	6.9	7.0
FINANCE, INSURANCE & REAL ESTATE	7.2	7.2	7.3	7.0	6.9	7.0
FINANCE	3.0	3.0	3.0	3.0	2.9	2.9
SERVICE INDUSTRIES	59.8	60.0	60.4	57.5	58.1	58.8
HOTELS, GAMING & RECREATION	29.2	29.3	29.4	29.1	29.3	29.5
BUSINESS	6.8	6.9	7.0	6.0	6.3	6.5
MEDICAL & HEALTH	10.3	10.3	10.4	10.0	10.0	10.1
LEGAL,ENG.,ACCT., & MANAG.	3.9	3.9	3.9	3.8	3.8	3.8
GOVERNMENT	19.6	20.8	21.1	19.1	20.1	20.5
FEDERAL	3.2	3.2	3.2	3.1	3.1	3.1
STATE	5.9	6.8	7.1	5.8	6.6	7.0
LOCAL	10.5	10.8	10.8	10.2	10.4	10.4

[8]Adjusted by census relationships to reflect number of persons by place of residence.

[9]Preliminary

[10]Reflects employment by place of work. Does not necessarily coincide with the labor force concept. Includes multiple job holders.

BALANCE OF STATE
UNEMPLOYMENT RATES BY COUNTY[1]
1st Quarter Averages

County	1993	1994	County	1993	1994	County	1993	1994
Carson City	12.3%	7.6%	Eureka	8.6%	10.1%	Mineral	6.9%	9.2%
Churchill	10.3	8.2	Humboldt	7.4	5.2	Nye	8.6	5.3
Douglas	8.0	5.8	Lander	11.2	10.6	Pershing	7.9	6.7
Elko	8.1	6.1	Lincoln	13.0	7.3	Storey	5.3	4.9
Esmeralda	12.1	8.6	Lyon	12.5	9.8	White Pine	13.6	10.3

Small County LMA Labor Force Summary[1]

	1993			1994		
	Jan.	Feb.	Mar.	Jan.	Feb.	Mar.
Carson LMA[2]						
Total Labor Force	49,240	48,900	48,620	48,410	48,940	48,650
Total Employment	43,380	43,670	43,900	44,520	45,300	45,360
Unemployment	5,860	5,230	4,720	3,890	3,640	3,290
Unemployment Rate	11.9%	10.7%	9.7%	8.0%	7.4%	6.8%
Elko LMA[3]						
Total Labor Force	19,880	20,030	20,030	20,130	20,430	20,500
Total Employment	18,190	18,390	18,470	18,820	19,120	19,280
Unemployment	1,690	1,640	1,560	1,310	1,310	1,220
Unemployment Rate	8.5%	8.2%	7.8%	6.5%	6.4%	5.9%

[1]Due to methodological changes implemented by the U.S. Department of Labor, 1994 data may not be directly comparable to earlier years.
[2]The Carson LMA is made up of Carson City, Douglas County, Lyon County, and Storey County.
[3]The Elko LMA is made up of Elko County and Eureka County.

Nevada Economic Database System

- ♥ *Labor Force & Demographic Information*
- ♦ *Industrial Employment Statistics*
- ♣ *Occupational Wage Data*
- ♠ *National Economic Indicators*

For additional information about NEDS, write, call, or FAX:

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Reno-related: George Anastassatos

WAGE-RELATED: CALL
Jeff Milligan

GENERAL: CALL
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Phone: (702) 687-4550

INDUSTRIAL EMPLOYMENT SERIES

SEASONALLY ADJUSTED

NEVADA	Oct. 1993	Nov. 1993	Dec. 1993	Jan. 1994	Feb. 1994	Mar. 1994
Total	683.7	688.6	696.5	697.9	702.8	704.8
Mining	12.5	12.5	12.5	12.5	12.6	12.7
Construction	47.6	47.2	47.1	48.1	48.0	48.3
Manufacturing	30.4	30.4	30.5	30.6	30.8	31.0
Durable Goods	*18.6*	*18.6*	*18.7*	*18.8*	*19.0*	*19.3*
Non-durable Goods	*11.8*	*11.8*	*11.8*	*11.8*	*11.8*	*11.7*
TCPU	35.8	35.9	35.9	36.0	36.0	36.1
Trade	135.4	136.0	136.9	137.0	137.9	138.3
Wholesale	*25.5*	*25.6*	*25.7*	*25.7*	*25.8*	*25.8*
Retail	*109.9*	*110.4*	*111.2*	*111.3*	*112.1*	*112.5*
FIRE	31.7	31.8	31.9	32.1	32.1	32.1
Services	301.1	305.5	311.7	312.2	315.5	315.5
HGR	*177.5*	*180.6*	*186.5*	*186.8*	*187.8*	*187.6*
Government	89.2	89.3	90.0	89.4	90.0	90.8

LAS VEGAS MSA	Oct. 1993	Nov. 1993	Dec. 1993	Jan. 1994	Feb. 1994	Mar. 1994
Total	464.1	468.1	475.3	481.0	483.3	482.8
Mining[1]	1.7	1.7	1.7	1.7	1.7	1.7
Construction	36.6	36.1	35.6	37.1	37.1	36.7
Manufacturing	16.0	16.2	16.3	16.3	16.3	16.3
TCPU	23.2	23.3	23.5	23.6	23.6	23.8
Trade	93.0	93.1	93.4	95.5	96.5	96.3
FIRE[1]	23.2	23.2	23.4	23.5	23.4	23.5
Services	215.9	219.5	225.8	227.7	228.7	228.3
HGR[1]	*129.5*	*132.9*	*138.0*	*137.8*	*138.6*	*139.4*
Government	54.5	55.0	55.6	55.7	56.0	56.1

RENO MSA	Oct. 1993	Nov. 1993	Dec. 1993	Jan. 1994	Feb. 1994	Mar. 1994
Total	152.2	152.6	153.2	153.8	154.4	154.5
Mining	0.7	0.7	0.7	0.8	0.8	0.8
Construction	7.6	7.8	8.1	7.4	7.5	7.6
Manufacturing[1]	10.7	10.7	10.7	10.7	10.8	10.9
TCPU[1]	10.6	10.6	10.6	10.7	10.8	10.7
Trade	34.4	34.5	34.7	35.1	35.3	35.2
FIRE	7.2	7.2	7.2	7.2	7.3	7.3
Services	61.0	61.1	61.1	61.9	61.6	61.6
HGR	*30.6*	*30.5*	*30.6*	*30.5*	*30.4*	*30.3*
Government	20.0	20.0	20.1	20.0	20.3	20.5

[1] Stable seasonality is not present. Original series used.

AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES IN NEVADA

	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Jan. 1994	Feb. 1994	Mar.[P] 1994	Jan. 1994	Feb. 1994	Mar.[P] 1994	Jan. 1994	Feb. 1994	Mar.[P] 1994
MINING	836.97	790.96	767.84	47.1	48.2	46.2	17.77	16.41	16.62
CONSTRUCTION	636.94	631.86	645.22	37.6	37.3	37.6	16.94	16.94	17.16
MANUFACTURING	482.70	481.39	482.45	40.7	40.9	41.2	11.86	11.77	11.71
DURABLE GOODS	491.82	486.26	474.35	42.0	42.1	41.5	11.71	11.55	11.43
NONDURABLE GOODS	469.04	471.81	498.58	38.7	38.8	40.8	12.12	12.16	12.22
PUBLIC UTILITIES	792.94	774.81	777.49	42.2	41.5	41.4	18.79	18.67	18.78
TRADE	313.74	310.98	311.89	33.2	32.7	32.9	9.45	9.51	9.48
WHOLESALE	489.14	490.59	492.00	39.8	39.5	40.0	12.29	12.42	12.30
RETAIL	275.39	270.26	271.37	31.8	31.1	31.3	8.66	8.69	8.67

P = PRELIMINARY

AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES IN THE LAS VEGAS MSA

	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Jan. 1994	Feb. 1994	Mar.[P] 1994	Jan. 1994	Feb. 1994	Mar.[P] 1994	Jan. 1994	Feb. 1994	Mar.[P] 1994
CONSTRUCTION	613.26	627.39	627.15	36.7	37.3	37.0	16.71	16.82	16.95
MANUFACTURING	540.50	503.34	528.91	40.7	38.6	39.5	13.28	13.04	13.39
DURABLE GOODS	554.03	487.30	517.82	41.5	37.6	38.3	13.35	12.96	13.52
NONDURABLE GOODS	514.17	537.65	552.77	39.1	40.7	42.1	13.15	13.21	13.13
PUBLIC UTILITIES	747.77	728.08	733.90	43.0	41.7	41.3	17.39	17.46	17.77
TRADE	299.79	300.35	303.18	32.8	32.4	32.6	9.14	9.27	9.30
WHOLESALE	503.87	508.54	504.59	39.8	39.3	39.7	12.66	12.94	12.71
RETAIL	265.65	264.26	268.78	31.7	31.2	31.4	8.38	8.47	8.56

P = PRELIMINARY

THIS DATA IS PREPARED IN CONJUNCTION WITH THE BUREAU OF LABOR STATISTICS.

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ECONOMIC UPDATE

Nevada Employment Security Division

Bob Miller, Governor | **2ND QUARTER 1994** | Stanley P. Jones, Administrator

SUMMARY

Unemployment Rate

		Apr	May	Jun
Nevada[1]	1994	5.3%	5.4%	5.7%
	1993	7.1	7.2	7.4
Las Vegas MSA	1994	5.3	5.3	6.5
	1993	7.1	6.9	8.0
Reno MSA	1994	4.6	4.4	5.3
	1993	6.5	6.2	6.9
U.S.[1]	1994	6.4	6.0	6.0
	1993	7.0	6.9	6.9

[1](Seasonally Adjusted)

****

Consumer Price Index
All Urban Consumers
(1982-84=100)

	Apr	May	Jun
1994	147.4	147.5	148.0
1993	144.0	144.2	144.4

****

Gross Gaming Revenue
(in thousands)

	1st Qtr. 1994	1st Qtr. 1993
Nevada	$1,677,258	$1,470,801
Clark Co.	1,319,918	1,146,578
Washoe Co.	207,378	186,814

****

Taxable Sales
(in thousands)

	1st Qtr. 1994	1st Qtr. 1993
Nevada	$4,390,386	$3,656,845
Clark Co.	2,712,332	2,198,221
Washoe Co.	782,245	628,732

****

NEVADA

Mike Clarke

While Nevada's major economic indicators remain positive, a few disquieting signs have emerged in the last several months that suggest the State's strong growth that ended 1993 and started 1994 may be weakening.

One example of the mixed signals now being seen is that although the State's seasonally adjusted unemployment rate of 5.7 percent for June remained below the national rate (of 6.0 percent), it has risen steadily from its February low of 4.9 percent. At least part of the 0.3 percentage point increase in the June rate no doubt resulted from the timing of the end of the school year, but regardless, the rate has increased for four straight months.

In contrast to the rising unemployment rate, the total of all initial claims for unemployment compensation through June 1994 are 3.8 percent less than for the same period of 1993, and the continued claims total are 7.1 percent less. In addition, there has been a sharp decline from the levels reached last year in claims by new Nevada residents against the states from which they had come. Although they are still above the historic average, the claims drop does signal a slowing of the in-migration of unemployed from other states. The slight economic recovery California has been experiencing is probably the major reason for the drop in "out-of-state"

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claims. Unfortunately, it is unlikely that anything less than a full-fledged California recovery will bring the claims levels back to the historic average or below.

Two other critical indicators of Nevada's economic health are taxable sales and gaming revenues, and the combined growth for the two in the first quarter of 1994 ranked the quarter among the greatest for revenue growth of any quarter in years. While the growth for both has remained strong for the first two months of the second quarter, it has eased slightly from the first quarter, sales revenues remain reassuring in that they are well distributed across the entire State.

Gaming revenues, on the other hand, are not. The State had tremendous gains in May — almost entirely on the back of the Las Vegas Strip. Downtown Las Vegas, Laughlin, Reno-Sparks, and South Lake Tahoe, the State's next largest gaming areas, all declined from the same month of 1993. The gaming revenue food supply may not be increasing as fast as the number of casinos (both inside and outside of Nevada) feeding on it.

INDUSTRY

Among the major industrial groupings, some will undoubtedly improve on their records of the last few years. Mining may be the most noticeable of this group. After reaching 15,000 employees in July 1990, the industry slid to less than 12,500 by November 1993. Some expansion has already taken place this year in the State's major mining regions, and more is expected, particularly in White Pine County. It's unlikely, however, that the industry will return to its 1990 high within the next year.

Construction employment remains slightly above 1993 levels, and the many projects planned (particularly in Las Vegas) should help maintain the level. Significant growth in this industry in the balance of the year, however, shouldn't be expected because rising interest rates are already slowing residential housing sales. The possibility does exist that those higher interest rates may eventually affect commercial projects.

Nevada's second strongest industry in the last year in terms of growth rate was manufacturing. One new firm will employ about 200 workers when it opens later this year in Las Vegas, but the growth rate of the last year will be difficult to maintain for several reasons, three of which are: (1) higher interest rates will raise relocation costs for firms to move from other states; (2) the California recovery, however slight, will lessen the pressures driving its firms elsewhere; and (3) a few Nevada manufacturing firms have already laid off or announced plans to lay off sizeable portions of their workforces.

As an industry, TCPU (transportation, communications and public utilities) is always a strange mix. Communications and public utilities are relatively stable industries, industries that may have temporary surges for special projects, but that tend to move slowly in direction (usually upward) over long periods of time. On the other hand, transportation, especially air transportation, tends to be highly volatile. The industry will expand dramatically and shrink just as fast on the basis of something that may be no more substantial than the rumor of future fuel price changes. In the last year, almost 90 percent of the new TCPU jobs in Nevada were provided by transportation. The industry looks healthy now, but it is not one that can be relied upon for long-term growth — particularly since transportation is a highly leveraged industry and this seems to be a period of rising interest rates.

After a couple of years with massive gains in taxable retail sales with minimal growth in trade industry employment, the industry is finally growing strongly — both in terms of growth rate and of absolute number of new employees. Given the scheduled expansions and planned new trade facilities, this is an area that should be able to maintain its growth rate for the next year.

The finance, insurance and real estate (FIRE) industry continues to grow, but the rate has slowed sharply — and will probably remain slow for the rest of the year. Higher interest rates will slow real estate development and the demand for borrowing — which, in turn, will cause reduction in bank loan department staffing.

It's no secret that the services industry, with its hotels, gaming and recreation (HGR) sub-set, dominates the Nevada economy. This industry, with the highest growth rate of the major industries for the last twelve months, has created almost 65 percent of the State's new jobs in the last year. In spite of years of governmental efforts at economic diversification, the service industry rose from providing 43.4 percent of all of the State's jobs in June 1989 to providing 44.8 percent five years later in June 1994.

While the casino industry did not expand quite as much, it did go from 26.3 percent of all jobs in June

1989 to 26.8 percent in June 1994. HGR employment will continue to grow as new casinos are built and several existing ones are expanded. It is possible, however, that some of the new casino expansion may come at the expense of some of the older, smaller casinos.

Of the several other sectors of the services industry that have also done well, business services and medical and health services are the ones most likely to continue their strong growth. These are industries that seem to be exploding nationally, not just in Nevada.

The last major industrial sector, government, has been competing for the slowest growth rate. What growth it has exhibited has been largely on the strength of local governments attempting to provide school and other services to the mushrooming Nevada population. Little change in the pattern of government growth in the last few years can be expected.

NATIONAL AND CALIFORNIA QUESTIONS

Currently, the most important influence on the national economy seems to be the actions and intentions of the Federal Reserve Bank. The primary question is when the Fed is next going to raise interest rates. Very few believe they will remain unchanged for very long, and no one seems to think they'll fall.

The four interest rate increases the Fed has effected since February to keep inflation at bay are credited with slowing the growth of the national economy. But is there still a danger of inflation? And if there is, how much can the Fed raise rates without driving the economy into another recession?

The problem is especially critical for California (and by extension, Nevada) where some analysts are saying the interest rate increases have already stopped California's budding recovery. As the defense spending cuts are further implemented by the federal government, the higher interest rates will be extremely difficult for southern California to overcome.

One thing that is certain about interest rates: the Fed can push them high enough that some of the new projects planned in Nevada will be shelved. It's happened before.

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LAS VEGAS

Bob Murdock

Las Vegas tourism continued its vibrant performance during late spring and early summer. Near record numbers of visitors poured into the area. Nearly 11 million air passengers have utilized McCarran International Airport during the first five months of 1994. This is a gain of more than 20 percent over the same period last year. Visitor numbers to Las Vegas for 1994 could reach 25 million people. At around 90 percent, hotel occupancy remains high despite a significant increase (14 percent) in the number of rooms which now total 86,053. Clark County's economic indicators such as taxable gaming revenues and taxable sales receipts experienced impressive double-digit gains during the early months of 1994. Taxable sales receipts were up over the year 17.3 percent in May, while gaming revenues gained 11.9 percent.

Unemployment appeared to send mixed signals during the quarter. Joblessness was relatively flat during the early months of the year. This trend continued for the first two months of the second quarter, but the level of unemployment jumped during June. The unemployment rate was 5.2, 5.2, and 6.5 percent for the three months. For the most part, the significant jobless gain during June can be attributed to a large influx of youth entering the summer job market and the reduction of staff in the education sector.

The number of jobs as measured by establishment-based industrial employment continued to grow. Employment numbers for each month of the second quarter were 486,100, 489,300, and 485,300, respectively. Over-the-year gains during the three months continued to be strong, ranging from 7.0 to 8.7 percent. This is a very impressive job growth, reflecting nearly 32,000 new jobs in June.

Industries which demonstrated exceptionally strong growth included hotels, gaming, and recreation (HGR) and business service in the service industry. In addition, transportation and retail trade also exhibited impressive job gains. During June the HGR sector of the service industry had an over-the-year gain of 15.2 percent, or 18,700 jobs. On the other hand, June employment numbers for government, construction, and mining were flat or down slightly. Manufacturing and finance, insurance, and real estate (FIRE) industries reflected modest gains in job numbers.

Despite the uptick in June's unemployment rate, the

Las Vegas MSA should continue to have moderate to low unemployment. The unemployment rate for the year should average between five and six percent. Currently there appears to be a large number of entry level service oriented jobs available in Clark County.

However, not all of the area's economic indicators are positive. Despite the fact that total gaming revenues appear to be strong, not all of the gaming industry is benefiting by this increase. Overall, the industry may not be as robust as the figures would first indicate. Revenues in downtown Las Vegas were off by nearly 16 percent in May and by just over three percent in Laughlin. In most other areas of Nevada, there were either no gains or actual declines (see the Reno and BOS sections). In contrast, gaming revenues on the Strip were up a strong 22.5 percent. This would seem to suggest that the new mega-resorts are drawing a significant proportion of the gaming dollar to their properties. During the fourth quarter of this year, when the gaming revenues are compared with over-the-year figures (which will include the new properties), the overall percentage gains could be much lower.

This has caused many in the gaming industry to look at how Nevada is doing business. New and renewed marketing schemes that focus on the uniqueness of the Nevada gaming experience and varied attractions that include family activities should become more evident in the months to come.

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RENO

George Anastassatos

Business conditions in the Truckee Meadows during the second quarter of 1994 were generally favorable as the number of unemployed and the rate of unemployment trended downward. Since January, the jobless rate has declined from 5.5 percent to the year's lowest level of 4.4 percent in May. However, it jumped to 5.3 percent in June because of an influx of students and other new entrants and reentrants to the labor force. In terms of joblessness, 8,000 persons were unemployed for the period on average.

During the quarter, establishment-based industrial employment was 4.7 percent higher than last year. This was 7,000 more positions than the prior year, with increases occurring in all industries except mining, which remained unchanged at 700. The growth was led by services, wholesale and retail trade, manufacturing, and construction.

Services led all industries with a gain of 1,700 new workers, about 2.8 percent more than the previous year. The bulk of the increase occurred in non-gaming businesses as hotels, gaming and recreation performance remained lackluster. For the past 12 months, the HGR job level increased by only 100 employees. Many gaming businesses reported their profits were impacted by low tourist volume and less-than-anticipated betting levels, all of which resulted in a need for fewer staff members. Employers felt that this was due in part to competition from Las Vegas' three new mega-resort properties plus a lackluster economy in northern California. Employment gains in medical and health and business services accounted for much of the services increase.

Jobs in trade were up 1,600 and averaged 33,500 for the period. Most of the gain, 1,500 positions, was in the retail sector. A large food store opened its new facility in northeast Reno and boosted area employment by several hundred workers. Other retailers added to their staffing to accommodate increased sales traffic and volume. Contributing to these gains were strong consumer confidence, rising family incomes, and an increasing population.

On a percentage-basis, job gains in construction and manufacturing continue to lead all industries with double-digit growth. Numerous residential and commercial projects are underway, boosting the construction employment level by 11.7 percent. Similarly, hundreds of new positions were added to the manufacturing sector, primarily in the durable goods sector by a large gaming-device producer. Overall job growth for manufacturing was up strongly at a 11.9 percent pace. Increases in government (about 700 positions) occurred principally in the local category, which includes city, county, and school district jurisdictions.

Employment in transportation, communications and public utilities jumped by 5.9 percent and averaged 10,100 for the period. This was about 600 more jobs than last year and was due in part to hiring by an airline reservation center and increased staffing at a local airline company. The airline company added new locations and service to western cities and augmented

their administrative support staff. In a like manner, employers in finance, insurance and real estate added 300 jobs to their payrolls, a 4.2 percent increase, mainly by non-banking businesses.

Taxable sales receipts for the first quarter were up significantly over-the-year. Local merchants sold more than $782 million in merchandise, up a substantial 24.4 percent. A large portion of that gain was due to severe weather conditions in early 1993. However, preliminary sales volume for April and May increased at a more reasonable 7.9 percent and 7.2 percent, respectively. In a like manner, taxable gaming revenues for the first quarter of 1994 were up strongly at around $207 million, an 11.0 percent rise. In spite of this favorable showing, preliminary statistics for April and May were considerably lower. The gain for April was a modest 1.6 percent, while May's revenues dropped three percentage points from last year's level.

Other business indicators for the quarter were favorable. Cumulative year-to-date air passenger traffic counts for the first five months of 1994 were up a healthy 12.5 percent. And for this period, more than two million passengers used the airport facility. For the same period, automobile vehicle traffic counts at selected sites were 6.8 percent higher than last year. At the same time, cumulative building permit activity for single-family and multiple-family units was up almost 70 percent over 1993 (mostly due to single-family units).

Overall economic conditions in the Truckee Meadows during the third quarter are expected to be favorable. Construction activity will provide a large portion of the expected growth. Currently, there are ten major projects underway that are valued at more than $550 million. These include the Project "C" hotel/casino, the Clarion Hotel/Casino addition, Highway I-580 project in south Reno, the Reno Hilton remodeling project, a new federal courthouse-office complex, and the National Bowling Stadium. In addition, the opening of two new retail properties will add hundreds of employees to the workforce. Numerous special events scheduled throughout the summer months should bolster tourism volume. However, strong gaming competition from Las Vegas Strip mega-resorts and other gaming locations can be expected to temper this growth.

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BALANCE OF STATE

George Anastassatos

Joblessness in the balance of state (BOS) counties varied widely during the second quarter of 1994. The average unemployment rate was the lowest in Storey County at 4.1 percent, followed by Humboldt County at 4.9 percent, and Elko County at 5.4 percent. Counties with the highest jobless rate included Lander County at 9.1 percent, White Pine County at 8.8 percent, Lincoln County at 8.7 percent, and Eureka County with an 8.6 percent rate.

During the period, unemployment increased in most counties due, in part, to the end of the school year as many high school students entered the labor force. College students were also returning home and reentering the local labor force. Additionally, workers with 9 or 10 month education contracts were seeking temporary jobs until resumption of their employment for the fall semester.

Migration of job seekers from neighboring states also helped raise the jobless level in rural Nevada. Furthermore, tourism counts were below expectations at many BOS locations and staffing requirements at those hotel/casinos were lowered. This was especially true at the South Lake Tahoe casinos.

CARSON CITY LMA.

During the second quarter of 1994, joblessness in the Carson City LMA, which includes Douglas, Lyon, and Storey Counties as well, averaged 6.2 percent. That figure translated into about 3,100 persons without employment from almost all industrial categories. Effects from the closure of Hardie Irrigation and the Ormsby House in 1993, which cost of hundreds of jobs, continues to impact the community.

In a related news event, the Mayor of Carson City announced the Ormsby House property was sold to an out-of-state developer by Bank of America. The transaction has an anticipated escrow closing date of mid-September. After ownership is taken, the property will be remodeled and renovated for a tentative opening in January 1995.

Taxable retail sales receipts for Carson City have had double-digit increases during the last three quarters ending March 1994. These increases were partially due to the opening of a major retailer in south Carson City. However, preliminary growth in sales volume for April and May were considerably lower. April's receipts were

up 2.0 percent and May's level rose only fractionally (0.2 percent). In a like manner, sales in Douglas County increased at a favorable year-over-year rate in each quarter of 1993. In fact, volume was up 10.9 percent in the fourth quarter of the year. In contrast, gains in the first quarter of 1994 were up only fractionally over the year, while preliminary totals for the following two months were mixed. Sales in April decreased over-the-year by four percentage points, but receipts for May rose at a respectable 5.5 percent pace.

In terms of taxable gaming revenues, percentage gains have been mixed both for the Carson Valley, which includes Carson City and Minden-Gardnerville, and for Stateline (the Lake Tahoe portion of Douglas County). During the fourth quarter of 1993, Carson Valley revenues rose by 3.7 percent. This was followed by a robust first quarter (6.7 percent). However, preliminary April figures show only a slight increase of 1.7 percent, while May showed a fractional negative decline. Meanwhile at Stateline, revenues were up 5.8 percent for the fourth quarter of 1993, but were much slower for the following period (2.4 percent). In contrast, preliminary totals for April and May reflected decreases of 1.0 percent and 16.6 percent, respectively.

ELKO LMA.

Economic activity has been brisk in the LMA this year. Many developments are underway county-wide, including work in Wendover, Elko, and Jackpot as well as the mining development at nearby Carlin. When these projects are completed in the near future, most will require an expanded workforce.

In terms of unemployment, the jobless rate for Elko County is favorable, while the level in Eureka County was somewhat higher. During the second quarter of 1994, the jobless rate for the Elko LMA — which includes Eureka County — averaged around 5.5 percent. This reflected about 1,170 persons seeking employment, considerably fewer than the 1,460 recorded last year. As expected, several businesses have had temporary layoffs, adding workers to the jobless role. In addition, out-of-state persons have relocated to the area and are seeking employment.

Growth in taxable sales for Elko County was up strongly at 15.3 percent for the fourth quarter of 1993, and the sales growth remained at the double-digit level during the following quarter (12.9 percent). Preliminary receipts for April and May remained positive at 8.7 percent and 11.5 percent, respectively.

In terms of taxable gaming revenues, percentage gains have been quite strong and in the double-digit year-over-year range since the second quarter of 1993. The growth rate peaked in the first quarter of 1994 when it exceeded the 1993 period by 23.8 percent. Preliminary revenue counts for April and May rose strongly at a 12.6 percent and 21.8 percent pace, respectively. In a like manner, percentage gains for the same period at Wendover (which are included in the Elko County total) were up substantially. Revenue increases peaked in the first quarter of 1994 at a strong 33.2 percent pace. They were also up significantly in April and May, rising at 27.3 percent and 31.0 percent, respectively.

OUTLOOK

During the third quarter of 1994, business conditions in most of the balance of state counties are expected to remain positive. Employment is expected to increase in most industries as projects are completed and activities/events help boost tourism counts. A Kmart superstore is nearing completion in Carson City that will add about 130 jobs to the workforce when completed in early September. Construction at several school locations and other activities have contributed to area employment. A 54,000 square-foot Smith's Food Store is underway in Gardnerville and when completed this summer, will add about 110 jobs. The Carson Valley Business Park, a 340-acre complex, was approved by commissioners and will accommodate up to 84 businesses later this year.

In eastern Nevada, Elko city officials announced plans to construct a sewer effluent dam at a cost of $8.3 million to insure an adequate system for future developments. Several gaming properties announced multi-million dollar remodel/addition projects for Wendover later this year. Wal-Mart stores announced plans to construct a 105,000 square-foot retail outlet in Elko that, when completed early next year, should employ about 200 workers. Several mining projects were also announced for White Pine County. Other multi-million construction projects, including highway road work, are underway in many counties.

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An analysis of the importance of manufacturing in economic development.

Manufacturing Bias in Regional Policy

The following is a reprint from the *Federal Reserve Bank of San Francisco Weekly Letter*, authored by Ronald H. Schmidt, Senior Economist. This analysis of national trends is followed by an article dealing with the same subject in Nevada, written by Gary Lungstrum, Economist.

For many regional economic development agencies, attracting new manufacturing enterprises is pursued with the same fervor as the search for the Holy Grail. The rationale for this strategy is that manufacturing is perceived to be more important to an economy than services. Manufacturing, the argument goes, creates physical goods, while services simply carry out the delivery of those products. Moreover, manufacturing jobs are viewed as superior to services jobs because they are thought to be higher paying.

The challenge of attracting (and retaining) manufacturing jobs has been made difficult by recent trends in economic activity. Nationally, manufacturing employment fell from 26 percent of the work force in 1973 to only 16 percent in 1993. A variety of factors are commonly used to explain this shift. One is high productivity gains that allow workers to produce more output. Another is growing international trade that has allowed firms to move standardized production activities to low-cost foreign sources. As a consequence, the traditional strategy of a preference for manufacturing firms may be at odds with long-term trends in job creation.

More fundamentally, manufacturing's superiority and its contribution to regional growth is debatable. This article focuses on several related issues. First, it looks at evidence from compensation data which suggests that the Sunbelt region has had the fastest income growth in the last twenty years, yet it also is the region that started with and continues to have the smallest share of employment in manufacturing.

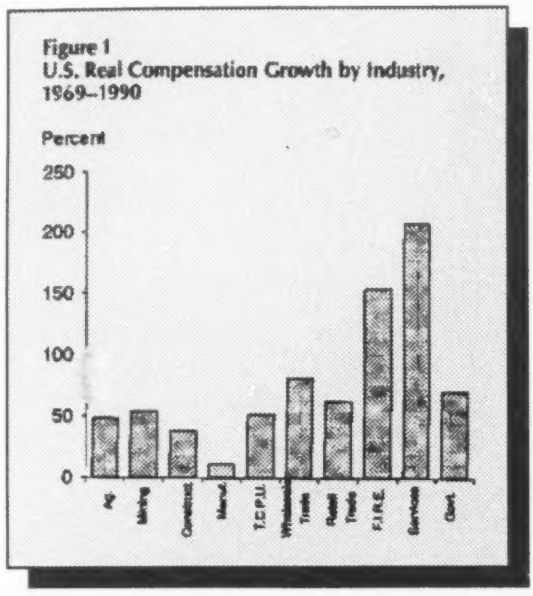
Second, changes in industrial structure may disguise the sources of regional growth. For example, increased out-sourcing of some functions (accounting and design, for example) has pushed some workers formerly classified in manufacturing industries into service industry classifications with no real change in function.

More fundamentally, the importance of services may have increased. Service functions, such as advertising, marketing, and customer service, have become more important to business strategies and success. "Total quality management," for example, is predicated on the importance of services — identifying and satisfying customer needs. Thus, service jobs may have become more integral to the manufacturing process.

INDUSTRY CONTRIBUTIONS TO INCOME

Differences in industry structure are widely believed to be responsible for differences in economic growth among regions. Income in Texas clearly is linked to the fortunes of the oil industry, while northern California and Massachusetts have had strong income gains tied to the development of high-tech industries. A key measure of the differential importance of industries to a region is the relative growth of compensation paid to labor by those industries. This statistic, which includes wages, benefits, and proprietor's income, provides an estimate of the direct impact of those industries on the region's

Figure 1
U.S. Real Compensation Growth by Industry, 1969–1990

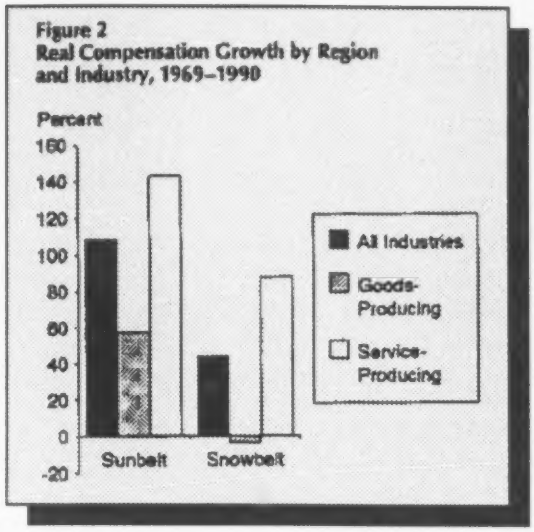


economy.

As shown in Figure 1, services accounted for a large share of the total compensation gains between 1969 and 1990. Adjusting for general inflation, total compensation paid in services industries rose 207 percent, while compensation paid in manufacturing rose only 12 percent. The figure also shows that all the other major service-producing industries have had faster total compensation growth than manufacturing. Transportation, communications and public utilities (T.C.P.U.), wholesale and retail trade, finance, insurance, and real estate (F.I.R.E.), and government all had faster growth in compensation than manufacturing. Even the other goods-producing industries — mining and construction — had faster compensation growth.

Because of this faster growth in nonmanufacturing compensation, it no longer is the case that broadly defined service-producing jobs are lower paid than goods-producing jobs. Work by Dupuy and Schweitzer (1994) suggests that the distribution of wages in service-producing jobs — both average wages and dispersion of wages — now is almost identical to the distribution of wages in the goods-producing industries.

Average compensation per worker in narrowly defined services remains below that in manufacturing, but the gap is narrowing. The average wage was 70 percent of that in manufacturing in 1969, but is has risen to 77 percent of manufacturing's average by 1990. Moreover, in other service-producing industries, average wages are comparable to those in manufacturing. Wages in financial services and wholesale trade are similar to the manufacturing average, while utilities had higher average compensation and average government compensation was only slightly lower than in manufacturing.



REGIONAL GROWTH IMPLICATIONS

At the regional level, differences in income growth attributed to different industries generally follow the national pattern. Figure 2 presents a comparison of total real compensation growth by major region, and breaks out growth rates of goods-producing and service-producing industries.

Clearly the Sunbelt region — the Far West, Rocky Mountain, Southeast, and Southwest regions — have experienced faster income growth than the Snowbelt regions — the Great Lakes, Mideast, New England, and Plains regions. Between 1969 and 1990, real compensation in the Sunbelt region rose 108 percent, while compensation in the Snowbelt region rose only 44 percent.

The industry breakout is revealing. In both regions, service-producing industries reported very strong growth in compensation relative to that reported in goods-producing industries. The Sunbelt region had growth in service-producing industries of 137 percent, while the Snowbelt region had growth of 80 percent. In contrast, goods production compensation rose 57 percent in the Sunbelt, while falling 4 percent in the Snowbelt.

While stronger goods-producing industries in the Sunbelt region explain part of the better overall performance of that region, service-producing industries provided most of the total gain. As a share of total compensation, goods-producing fell from 35 percent in 1969 to 27 percent in 1990 in the Sunbelt region, while falling from 43 to 29 percent in the Snowbelt region.

The two regions have roughly converged to the same lower share of goods-producing industries, therefore. The Snowbelt reduced its share through an actual decline in goods production coupled with modest gains in service-producing industries. The Sunbelt, on the other hand, increased both sectors, but not proportionally. The service-producing sector rose considerably faster than did the goods-producing sector. Notably, the Sunbelt maintained higher average compensation growth than the Snowbelt despite having a lower share of goods-producing industries.

MANUFACTURING AND THE NEW ECONOMY

Another source of evidence questioning manufacturing's importance in regional and national economic growth stems from significant changes in economic structure. First, increasing communication and transportation networks have allowed manufacturing to become more diffuse, with parts, assembly, design, marketing, and strategic control for a given product potentially scattered around the globe.

As a result of this change, traditional characterizations of the production process have become less meaningful. For example, hiring outside lawyers and accountants may not change the actual production process for a manufacturing plant, but those workers may be reclassified from manufacturing to legal or business services industries. (All employees at a work site are given the same industry designation based on the principal activity taking place at that location.) Similarly, replacing inside programmers with outside computer consultants adds workers counted in business services, while potentially decreasing the number of workers classified in manufacturing.

Apart from this shift due to out-sourcing, changes in output markets have emphasized the role of services in the value-added chain. Part of this change has been the result of improvements in production technology. For example, increased flexibility in production has made it possible to generate customized product at near mass production prices. Thus, firms have focussed their attention on defining market niches and meeting varying customer demands.

In this new method of organizing economic activity, business services account for a more important part of the production process. Between 1969 and 1990, compensation gains in business services accounted for 6.1 percent of the total increase. This contribution was especially strong in the Sunbelt regions.

Moreover, consumer demand has changed significantly, with greater emphasis on services consumption. For example, between 1969 and 1990, health care accounted for 9.6 percentage points of the nation's 69.1 percent increase in total compensation. In other words, more than one-seventh of total gains in real compensation over the period were reported by the health care sector. Furthermore, wholesale and retail trade, and finance, insurance, and real estate showed disproportionately large increases in compensation growth.

Some industries also shrank during the period or remained fixed. Primary metals, fabricated metals, textiles, apparel, and leather manufacturing all had real decreases in total compensation during this period nationally. And many of these industries have emerged fundamentally changed; for example, the steel industry has shifted emphasis from high-volume generic steel production to higher value-added specialized steel products.

Food production is another example of change. Agriculture showed little change in real compensation over the 1969 — 1990 period, while total expenditures on food rose 36 percent. The additional value is captured not only by manufacturers that created higher value-added products (microwave dinners), but also by the marketing and advertising firms that provide key input into identifying and targeting specialized consumer niches.

The implications of these changes in industrial structure for regional economic development plans are profound. In particular, the old model of manufacturing as a relatively vertically integrated source of jobs is less prevalent than a model in which manufacturing activity is diffused geographically and most of the value added is created by service activities designed to identify market niches, coordinate production from a network of worldwide suppliers, and market the product. Thus the actual physical production activity is contributing a smaller part of the product's total value compared to the service activities that surround that activity.

CONCLUSION

The bias towards attracting manufacturing held by many regional economic development planners appears to be increasingly questionable. In fact, evidence presented here suggests that nonmanufacturing industries have added most of the income growth, as well as most of the employment growth. Moreover, regions that have grown the fastest have been those with the fastest growth in services.

Long term, this shift suggests an evolution of the economy. While some of the shift is definitional — out-sourcing, for example — much of the shift reflects fundamental changes in the nature of output markets and the value added by service

industries. Increasing globalization is leading to a more geographically dispersed production process. Moreover, standardized assembly line production is becoming less important as a share of value added, while other activities, traditionally viewed as services, are becoming the most important source of value added.

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THE NEVADA PERSPECTIVE IN REGIONAL POLICY

Many of the trends discussed in this article certainly affect the way Nevadan's do business. Out-sourcing and the development of customized products are examples. As with the nation, business services have grown, while employment in health services have virtually exploded. Differences, however, do arise in some of the trends evident in the sunbelt and snowbelt regions and that of the nation as a whole when compared to Nevada.

EMPLOYMENT

Whereas manufacturing employment nationwide dropped from 26 to 16 percent of total employment between 1973 and 1993, only a slight decrease was evident in this State. For the most part, Nevada's manufacturing job share has remained nearly constant, oscillating within a narrow range. In 1993 the share was 4.4 percent.

Several reasons account for the ability of the manufacturing industry to maintain its relative share of employment. Population growth has been quite rapid and the resulting business gains have been widespread, affecting all industries. Wage and salary employment has more than doubled in all industrial categories (including manufacturing), with the exception of government and transportation, communications, and public utilities.

Secondly, the potential for a spillover effect from California and other neighboring states is quite strong. Given the relative cost of land and labor, many firms may have made the decision to relocate.

Also, many of the firms in this business category are classified as "light" industry, and as such they have not had to contend with many of the transitions that autos or steel, for example, have undertaken in other areas of the country. This a direct result of global competition. At the same time, given the relative smallness of the industry, it is also possible that many high-tech applications have been implemented in a fairly rapid fashion.

One last factor affecting the industries growth is also associated with the small size of the industry. That is, it is much easier to double and even triple the number of firms or the number of employees given an initially small base. It is much more difficult, for example, to double California's manufacturing employment over a similar time period because of its large size.

WAGES

Compensation paid is more narrowly defined here than in the Federal Reserve Bank article, as it does not include proprietor's income nor benefits paid. Also, the average wage is used rather than the wage and salary component of total personal income. The average wage is determined from employment and payroll records — those

NEVADA
Average Annual Wage

	1990	Rank	1969 Rank
TOTAL	$22,362		
Mining	36,922	1	2
Construction	27,691	2	1
Manufacturing	25,662	5	4
TCPU	26,612	4	5
Trade	17,218	8	8
FIRE	24,166	6	6
Services	20,811	7	7
Government	27,054	3	3

TCPU: Transportation, Communications & Public Utilities.
FIRE: Finance, Insurance & Real Estate.

individuals who are covered by unemployment insurance.

In 1969 and again in 1990, manufacturing wages ranked at the mid-level compared to all other industrial wages. In each case, the average manufacturing wage ($25,662) was higher than that for all industries combined ($22,362). As was the case nationally, the average service wage ($20,811) ranked below that of manufacturing. The preceding table illustrates the average wage by industry for 1990, including each industries rank. The industry rank for 1969 is also shown.

The manufacturing wage has been able to maintain its relative rank (4th and 5th place) over time. Between 1969 and 1990, wages in the industry grew by 208 percent, compared to 206 percent for all industries combined. At the same time, the average wage in the service industry grew at a slightly lesser rate (193 percent) than the total of all industries.

This signifies another contrasting factor when compared to national trends. Whereas the service wage as a percent of the manufacturing wage had risen nationally, the reverse is true in Nevada. In 1969, the service industry wage was approximately 85 percent of manufacturing and by 1990 it had fallen to about 81 percent.

One reason for this declining percentage is the very rapid increase in gaming establishments and associated jobs statewide. Many of these jobs are relatively low paying; however,gratuities, which are not counted in payroll data, supplement the hourly income.

Industry growth has been nurtured, in part, by a growing competition in gaming nationwide — from its embryonic stage when it was introduced into New Jersey to its current widespread acceptance nationally.

CONCLUSION

Nevada's economy is structured mainly around the service industry, and more particularly gaming activity. This is the major source of job growth. But at the same time, evidence of expanded activity in other sectors of the service industry, such as business services and health services parallel national trends. In spite of strong growth, average wages in the service industry have not been able to keep pace with the growth in manufacturing. They have, in fact, eroded over time. This runs counter to the national trend.

At the same time, there is evidence that Nevada's manufacturing industry, unlike what has developed nationally, is maintaining its relative employment share with respect to other industries.
Thus, manufacturing, while small, has been a very positive force in the economic development of the State.

Given that these two elements were central to the arguments put forth by the Federal Reserve Bank, should this affect Nevada's economic development strategy? Is the Federal Reserve information relevant?

Generally speaking, the pursuit of manufacturing firms by economic development interests nationwide is quite intense. It will become even more so given the continued influence of any number of factors discussed in the above article, including further downsizing, increased productivity, foreign parts production, and out-sourcing. Manufacturing businesses are a scarce commodity. As a matter of interest, since some California firms have relocated to this State, it should be pointed out that the California manufacturing workforce has also declined dramatically — reflecting the national trend.

It was also pointed out that a very high rate of population growth has helped propel the development of new businesses in this State, as well as associated job growth. Manufacturing has been a benefactor. Significant overall employment growth should continue over the next several years. This is prompted by renewed Las Vegas hotel/casino activity. Over the longer term, however, growth is expected to moderate.

This scenario, coupled with the recognition that many other factors will come into play in the interim which cannot be anticipated, suggests that the trends outlined in the Federal Reserve Bank article should not be ignored. Nevada is not immune to national developments and it must base future economic development stategies on all available information.

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NEVADA
Nonfuel Mineral Production
1993 National Ranking

Gold	**1**
Silver	**1**
Mercury	**1**
Barite	**1**
Diatomite	**2**
Lithium	**2**

SOURCE: U.S. Bureau of Mines.

RESEARCH & ANALYSIS PUBLICATIONS

New or updated material published in 1994 or due within the next six months.

Nevada Employer Directory — 1994

The *1994 Nevada Employer Directory* lists the names and addresses of all Nevada employers with over 20 employees (over 10 for manufacturing and wholesale trade), grouped by industry. There is a $15.00 charge for this publication.

Employment Guide: Nevada State Government

This publication is a guide to obtaining Nevada state government employment. It explains the nature of jobs that may be available, where to find out what is available, where to apply, how to apply, and the examination requirements for certain positions.

Nevada Employment and Payrolls, 1993

Employment and Payrolls is the most detailed listing of monthly, quarterly, and annual statistics about the firms, their employees, and their payrolls that is publicly available for Nevada and its counties.

Nevada Wages, 1994

Nevada Wages is prepared from an annual survey of Nevada employers. It lists wage ranges for occupations grouped by industry. This publication is useful to businesses and job seekers for evaluating wages in the job market. It will be ready later this fall.

Nevada Affirmative Action

This publication contains useful data for employers and agencies seeking to comply with federal affirmative action programs. The data are based on the 1990 U.S. Census. It will be available in late September.

Directory of Labor Market Information

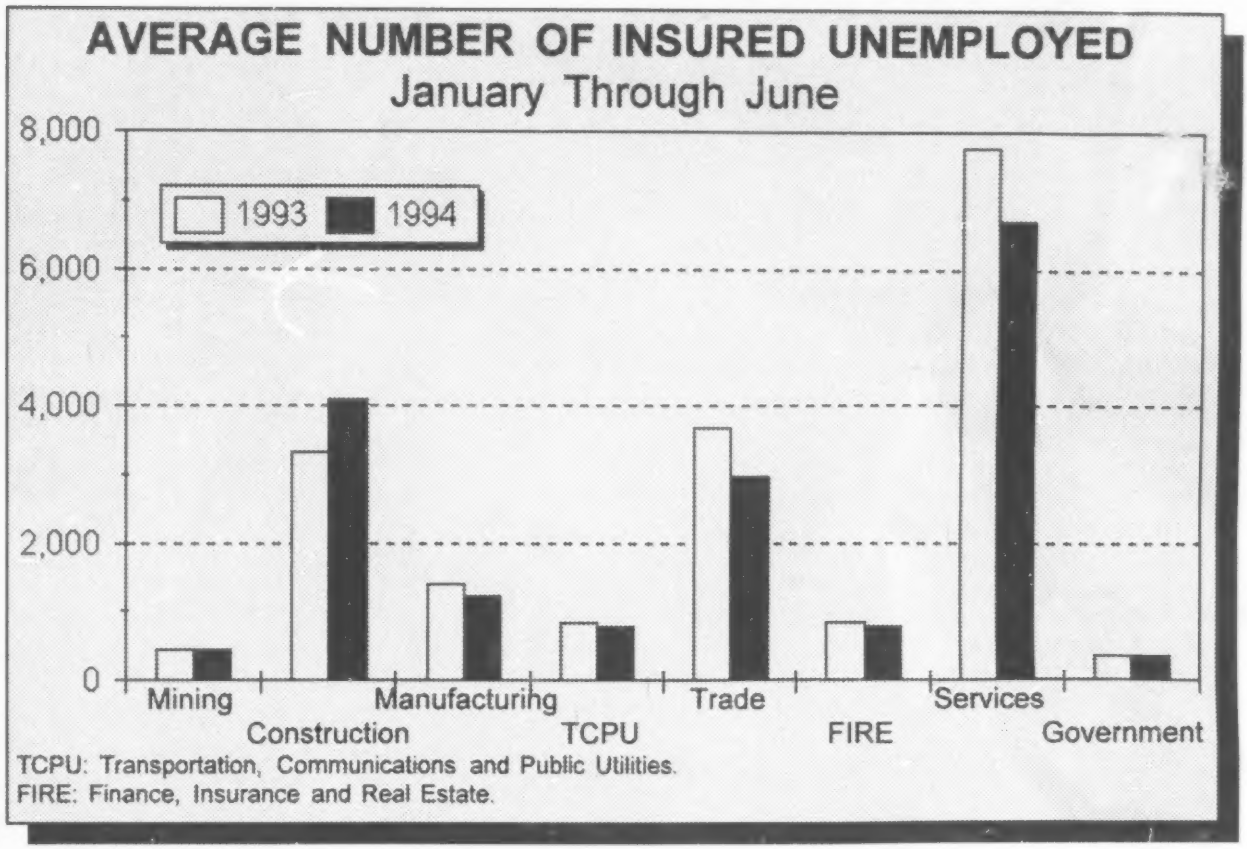
The LMI Directory is a compilation of economic and labor market information produced by the Research and Analysis Bureau. It also lists definitions of concepts and terms as well as documents and sources (with mailing addresses and/or phone numbers) for other Nevada economic information.

Nevada Occupational Projections, 1993—1998

Affirmative Action presents projected industrial and occupational growth for Nevada, the Las Vegas MSA, the Reno MSA, and the balance of state counties. It also breaks out information about "high demand" occupations. This publication will be ready in late 1994 or early 1995.

To obtain copies of R&D publications, write: Nevada Department of Employment, Training and Rehabilitation, Research and Development Bureau, 500 East Third Street, Carson City, Nevada 89713; or phone (702) 687-4550.

Unemployment Claims Information



INSURED UNEMPLOYMENT DOWN

The overall strength of Nevada's economy is apparent when considering the reduction of unemployment insurance claimants in nearly all major industry categories. In a comparison of the average weekly number of claimants filing for a benefit check in first six months of 1994 against the same period a year ago (see graph), only construction fared worse.

Most favorably impacted was the services industry group (dominated by the hotels, gaming and recreation sector) where the average number of insured unemployed has been down almost 1,100 per week, or minus 14 percent over the year. Trade has had an average of 700 fewer claimants per week, a reduction of 19 percent.

Construction, the only industry to buck the trend by increasing roughly 23 percent from 1993, has a glut of job seekers chiefly as a result of the building of three huge hotel-casino projects in Las Vegas in 1993. These projects came to fruition in fourth quarter of last year, and not all of the workers have found other work — although they may be absorbed by new commercial and residential construction projects scheduled for the near future in southern Nevada.

NEVADA LABOR FORCE SUMMARY[1]

(ESTIMATES IN THOUSANDS)

	1994			1993		
	APR	MAY	JUN[2]	APR	MAY	JUN
CIVILIAN LABOR FORCE	775.1	769.6	781.7	733.2	737.5	753.0
UNEMPLOYMENT	40.3	38.9	48.5	51.5	50.5	59.3
UNEMPLOYMENT RATE	5.2%	5.1%	6.2%	7.0%	6.8%	7.9%
UNEMP. RATE (SEASONALLY ADJUSTED)	5.3%	5.4%	5.7%	7.1%	7.2%	7.4%
TOTAL EMPLOYMENT	733.5	728.6	732.2	681.1	686.4	693.1
PERSONS INVOLVED IN WORK STOPPAGES	1.3	2.1	1.0	0.6	0.6	0.6

ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT[3]

	1994			1993		
	APR	MAY	JUN[2]	APR	MAY	JUN
TOTAL NONAGRICULTURAL	707.7	713.5	712.1	658.1	665.4	672.1
GOODS PRODUCING	92.3	93.9	94.8	86.4	88.4	90.4
MINING	12.6	12.7	13.0	12.5	12.6	12.7
METAL MINING	11.3	11.4	11.7	11.3	11.3	11.4
CONSTRUCTION	48.2	49.4	49.9	45.3	46.6	48.1
MANUFACTURING	31.5	31.8	31.9	28.6	29.2	29.6
DURABLE GOODS	19.6	19.8	19.9	17.3	17.7	18.1
STONE, CLAY, & GLASS PRODUCTS	2.5	2.6	2.6	2.3	2.4	2.4
PRIM.&FABRIC. METAL	3.0	3.0	3.0	3.0	3.1	3.2
IND. & ELEC. MACHINERY	4.5	4.5	4.5	3.8	3.9	4.0
NON-DURABLE GOODS	11.9	12.0	12.0	11.3	11.5	11.5
PRINTING & PUBLISHING	4.4	4.5	4.5	4.3	4.3	4.3
SERVICES PRODUCING	615.4	619.6	617.3	571.7	577.0	581.7
TRANSPORTATION & PUBLIC UTILITIES	36.3	36.5	36.7	34.4	34.7	35.0
TRANSPORTATION	21.4	21.7	21.9	20.0	20.3	20.4
TRUCKING & WAREHOUSE	6.3	6.3	6.4	6.0	6.1	6.1
AIR	5.8	5.9	6.0	5.4	5.5	5.5
PUBLIC UTILITIES	14.9	14.8	14.8	14.4	14.4	14.6
TOTAL TRADE	138.0	139.4	140.8	130.3	131.8	133.2
WHOLESALE	25.9	26.0	26.2	24.8	25.2	25.5
RETAIL	112.1	113.4	114.6	105.5	106.6	107.7
GENERAL MERCHANDISE & APPAREL	19.4	19.5	19.9	18.6	18.6	18.7
FOOD STORES	15.5	15.6	15.9	14.8	14.8	14.9
AUTO DEALERS & SERVICE STATIONS	13.1	13.1	13.3	12.3	12.6	12.8
EATING & DRINKING PLACES	39.4	40.0	40.4	36.6	37.1	37.7
FINANCE, INSURANCE & REAL ESTATE	32.1	32.1	32.1	30.4	30.6	31.0
FINANCE	13.6	13.6	13.5	12.9	13.0	13.1
SERVICE INDUSTRIES	315.5	317.4	318.9	287.2	289.9	293.0
HOTELS, GAMING & RECREATION	187.8	189.1	190.9	168.2	170.0	172.1
PERSONAL	7.8	7.8	7.8	7.5	7.2	7.1
BUSINESS	33.0	33.3	33.3	28.8	29.3	29.3
MEDICAL & HEALTH	34.3	34.4	34.5	32.1	32.2	32.6
LEGAL,ENG.,ACCT., & MANAG.	22.2	22.2	22.2	22.3	22.3	22.5
GOVERNMENT	93.5	94.2	88.8	89.4	90.0	89.5
FEDERAL	13.7	13.8	14.0	13.0	13.1	13.4
STATE	24.4	24.3	21.6	23.7	23.8	21.1
LOCAL	55.4	56.1	53.2	52.7	53.1	55.0

[1]Adjusted by census relationships to reflect number of persons by place of residence.

[2]Preliminary

[3]Reflects employment by place of work. Does not necessarily coincide with the labor force concept. Includes multiple job holders.

LAS VEGAS MSA[4] LABOR FORCE SUMMARY[5]

(ESTIMATES IN THOUSANDS)

	1994			1993		
	APR	MAY	JUN[6]	APR	MAY	JUN
CIVILIAN LABOR FORCE	565.0	561.2	566.4	523.4	523.4	537.4
UNEMPLOYMENT	29.9	29.6	36.8	37.1	36.3	43.0
UNEMPLOYMENT RATE	5.3%	5.3%	6.5%	7.1%	6.9%	8.0%
TOTAL EMPLOYMENT	533.9	529.5	528.6	485.7	486.5	493.8
PERSONS INVOLVED IN WORK STOPPAGES	1.2	2.1	1.0	0.6	0.6	0.6

ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT[7]

	1994			1993		
	APR	MAY	JUN[6]	APR	MAY	JUN
TOTAL NONAGRICULTURAL	486.1	489.3	485.3	447.1	450.0	453.7
GOODS PRODUCING	55.1	55.9	56.0	53.0	53.8	55.3
MINING	1.8	1.8	1.8	1.8	1.8	1.8
CONSTRUCTION	36.7	37.4	37.4	35.6	36.2	37.4
MANUFACTURING	16.6	16.7	16.8	15.6	15.8	16.1
DURABLE GOODS	9.3	9.4	9.5	8.6	8.7	8.9
NON-DURABLE GOODS	7.3	7.3	7.3	7.0	7.1	7.2
SERVICES PRODUCING	431.0	433.4	429.3	394.1	396.2	398.4
TRANSPORTATION & PUBLIC UTILITIES	23.8	23.9	24.1	22.7	22.7	22.8
TRANSPORTATION	13.9	14.2	14.4	13.1	13.2	13.3
AIR	3.8	3.9	4.0	3.7	3.7	3.7
PUBLIC UTILITIES	9.9	9.7	9.7	9.6	9.5	9.5
TOTAL TRADE	96.0	96.8	97.2	90.5	90.9	91.8
WHOLESALE	14.8	14.9	14.9	14.2	14.3	14.5
RETAIL	81.2	81.9	82.3	76.3	76.6	77.3
GENERAL MERCHANDISE & APPAREL	14.3	14.4	14.5	13.4	13.4	13.5
EATING & DRINKING PLACES	29.7	30.0	30.0	27.5	27.6	27.9
FINANCE, INSURANCE & REAL ESTATE	23.5	23.5	23.6	22.3	22.4	22.7
FINANCE	10.1	10.1	10.0	9.6	9.7	9.7
SERVICE INDUSTRIES	229.7	230.8	230.8	204.7	205.8	206.9
HOTELS, GAMING & RECREATION	140.6	141.3	141.7	121.4	122.4	123.0
PERSONAL	5.6	5.6	5.7	5.5	5.2	5.2
BUSINESS	24.4	24.6	24.2	21.4	21.4	21.1
MEDICAL & HEALTH	23.9	24.0	24.1	22.1	22.2	22.5
LEGAL,ENG.,ACCT., & MANAG.	15.2	15.2	15.2	15.4	15.4	15.5
GOVERNMENT	58.0	58.4	53.6	53.9	54.4	54.2
FEDERAL	8.4	8.4	8.4	8.1	8.1	8.2
STATE	10.2	10.2	8.8	9.6	9.8	8.5
LOCAL	39.4	39.8	36.4	36.2	36.5	37.5

[4]The Las Vegas MSA consists of Clark and Nye Counties in Nevada and Mohave County in Arizona.

[5]Adjusted by census relationships to reflect number of persons by place of residence.

[6]Preliminary

[7]Reflects employment by place of work. Does not necessarily coincide with the labor force concept. Includes multiple job holders.

RENO MSA LABOR FORCE SUMMARY[8]

(ESTIMATES IN THOUSANDS)

	1994			1993		
	APR	MAY	JUN[9]	APR	MAY	JUN
CIVILIAN LABOR FORCE	164.1	162.1	165.4	158.0	158.7	162.1
UNEMPLOYMENT	7.5	7.1	8.7	10.3	9.9	11.2
UNEMPLOYMENT RATE	4.6%	4.4%	5.3%	6.5%	6.2%	6.9%
TOTAL EMPLOYMENT	156.4	155.0	156.7	147.7	148.8	150.9
PERSONS INVOLVED IN WORK STOPPAGES	0.2	0.0	0.0	0.0	0.0	0.0

ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT[10]

	1994			1993		
	APR	MAY	JUN[9]	APR	MAY	JUN
TOTAL NONAGRICULTURAL	155.3	156.5	157.2	147.6	149.5	150.9
GOODS PRODUCING	20.4	20.8	20.8	18.2	18.6	18.9
MINING	0.7	0.7	0.7	0.7	0.7	0.7
CONSTRUCTION	8.4	8.7	8.8	7.5	7.8	7.9
MANUFACTURING	11.3	11.4	11.3	10.0	10.1	10.3
DURABLE GOODS	7.1	7.1	7.1	5.9	6.0	6.2
NON-DURABLE GOODS	4.2	4.3	4.2	4.1	4.1	4.1
SERVICES PRODUCING	134.9	135.7	136.4	129.4	130.9	132.0
TRANSPORTATION & PUBLIC UTILITIES	10.7	10.7	10.8	9.9	10.1	10.2
TRANSPORTATION	6.5	6.5	6.5	5.7	5.9	5.9
PUBLIC UTILITIES	4.2	4.2	4.3	4.2	4.2	4.3
TOTAL TRADE	34.8	35.1	35.5	33.1	33.6	33.8
WHOLESALE	8.9	8.9	8.9	8.7	8.8	8.9
RETAIL	25.9	26.2	26.6	24.4	24.8	24.9
GENERAL MERCHANDISE & APPAREL	5.5	5.5	5.7	5.2	5.2	5.2
EATING & DRINKING PLACES	7.6	7.8	7.9	7.2	7.3	7.4
FINANCE, INSURANCE & REAL ESTATE	7.4	7.4	7.3	7.0	7.0	7.2
FINANCE	3.1	3.1	3.0	2.9	2.9	2.9
SERVICE INDUSTRIES	60.9	61.4	62.4	58.9	59.8	61.1
HOTELS, GAMING & RECREATION	29.9	30.3	31.0	29.7	30.2	31.0
BUSINESS	7.0	7.1	7.3	6.2	6.5	6.8
MEDICAL & HEALTH	10.4	10.4	10.4	10.0	10.0	10.2
LEGAL,ENG.,ACCT., & MANAG.	3.9	4.0	4.0	3.8	3.9	3.9
GOVERNMENT	21.1	21.1	20.4	20.5	20.4	19.7
FEDERAL	3.2	3.2	3.3	3.1	3.1	3.2
STATE	7.1	6.9	6.0	7.0	6.9	5.9
LOCAL	10.8	11.0	11.1	10.4	10.4	10.6

[8]Adjusted by census relationships to reflect number of persons by place of residence.

[9]Preliminary

[10]Reflects employment by place of work. Does not necessarily coincide with the labor force concept. Includes multiple job holders.

BALANCE OF STATE
UNEMPLOYMENT RATES BY COUNTY[1]
2ND Quarter Averages

County	1993	1994	County	1993	1994	County	1993	1994
Carson City	10.2%	6.1%	Eureka	5.8%	8.6%	Mineral	8.0%	8.3%
Churchill	8.7	6.6	Humboldt	6.1	4.9	Nye	7.4	5.9
Douglas	7.1	5.5	Lander	11.7	9.1	Pershing	6.7	6.1
Elko	6.6	5.4	Lincoln	10.3	8.7	Storey	4.9	4.1
Esmeralda	9.8	6.5	Lyon	9.9	8.0	White Pine	12.5	8.8

Small County LMA Labor Force Summary[1]

	1993			1994		
	Apr.	May	June	Apr.	May	June
Carson LMA[2]						
Total Labor Force	48,340	48,990	50,720	48,880	49,340	51,180
Total Employment	43,980	44,780	45,980	45,770	46,460	47,830
Unemployment	4,360	4,210	4,740	3,110	2,880	3,350
Unemployment Rate	9.0%	8.6%	9.3%	6.4%	5.8%	6.5%
Elko LMA[3]						
Total Labor Force	21,590	24,200	21,110	20,940	21,140	21,890
Total Employment	20,160	22,790	19,560	19,780	20,040	20,640
Unemployment	1,430	1,410	1,550	1,160	1,100	1,250
Unemployment Rate	6.6%	5.8%	7.4%	5.6%	5.2%	5.7%

[1]Due to methodological changes implemented by the U.S. Department of Labor, 1994 data may not be directly comparable to earlier years.
[2]The Carson LMA is made up of Carson City, Douglas County, Lyon County, and Storey County.
[3]The Elko LMA is made up of Elko County and Eureka County.

Nevada Economic Database System

- ♥ *Labor Force & Demographic Information*
- ♦ *Industrial Employment Statistics*
- ♣ *Occupational Wage Data*
- ♠ *National Economic Indicators*

For additional information about NEDS, write, call, or FAX:
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INDUSTRIAL EMPLOYMENT SERIES

SEASONALLY ADJUSTED

	1994					
NEVADA	Jan.	Feb.	Mar.	Apr.	May	June
Total	697.9	702.8	704.8	709.4	711.1	709.6
Mining	12.5	12.6	12.7	12.8	12.9	12.8
Construction	48.1	48.0	48.3	48.7	48.4	48.4
Manufacturing	30.6	30.8	31.0	31.6	31.9	31.8
Durable Goods	*18.8*	*19.0*	*19.3*	*19.7*	*19.8*	*19.8*
Non-durable Goods	*11.8*	*11.8*	*11.7*	*11.9*	*12.0*	*12.0*
TCPU	36.0	36.0	36.1	36.4	36.5	36.6
Trade	137.0	137.9	138.3	139.3	140.1	140.8
Wholesale	*25.7*	*25.8*	*25.8*	*25.9*	*26.0*	*26.0*
Retail	*111.3*	*112.1*	*112.5*	*113.4*	*114.1*	*114.8*
FIRE	32.1	32.1	32.1	32.1	32.1	31.9
Services	312.2	315.5	315.5	316.8	317.1	317.3
HGR	*186.8*	*187.8*	*187.6*	*188.1*	*188.2*	*189.1*
Government	89.4	90.0	90.8	91.8	92.2	90.1

LAS VEGAS MSA	Jan.	Feb.	Mar.	Apr.	May	June
Total	481.0	483.3	482.8	486.1	486.5	484.9
Mining[1]	1.7	1.7	1.7	1.8	1.8	1.8
Construction	37.1	37.1	36.7	37.0	36.9	36.2
Manufacturing	16.3	16.3	16.3	16.6	16.6	16.6
TCPU	23.6	23.6	23.8	23.8	23.8	24.0
Trade	95.5	96.5	96.3	97.0	97.2	97.0
FIRE[1]	23.5	23.4	23.5	23.5	23.5	23.6
Services	227.7	228.7	228.3	229.5	229.8	230.4
HGR[1]	*137.8*	*138.6*	*139.4*	*140.6*	*141.3*	*141.7*
Government	55.7	56.0	56.1	56.9	57.0	55.3

RENO MSA	Jan.	Feb.	Mar.	Apr.	May	June
Total	153.8	154.4	154.5	155.7	155.7	156.1
Mining	0.8	0.8	0.8	0.7	0.7	0.7
Construction	7.4	7.5	7.6	8.3	8.6	8.7
Manufacturing[1]	10.7	10.8	10.9	11.3	11.4	11.3
TCPU[1]	10.7	10.8	10.7	10.8	10.7	10.8
Trade	35.1	35.3	35.2	35.4	35.3	35.5
FIRE	7.2	7.3	7.3	7.4	7.4	7.3
Services	61.9	61.6	61.6	61.2	61.1	61.2
HGR	*30.5*	*30.4*	*30.3*	*30.2*	*30.1*	*30.3*
Government	20.0	20.3	20.5	20.5	20.5	20.6

[1] Stable seasonality is not present. Original series used.

AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES IN NEVADA

	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Apr. 1994	May 1994	June[P] 1994	Apr. 1994	May 1994	June[P] 1994	Apr. 1994	May 1994	June[P] 1994
MINING	783.16	804.64	766.48	46.7	42.8	45.3	16.77	18.80	16.92
CONSTRUCTION	681.69	671.77	662.22	39.2	39.4	39.0	17.39	17.05	16.98
MANUFACTURING	478.12	483.14	486.03	40.9	41.4	42.3	11.69	11.67	11.49
DURABLE GOODS	465.34	471.10	468.93	41.4	42.1	43.1	11.24	11.19	10.88
NONDURABLE GOODS	502.85	506.17	515.34	40.1	40.3	40.9	12.54	12.56	12.60
PUBLIC UTILITIES	799.22	762.35	747.72	41.8	40.4	40.2	19.12	18.87	18.60
TRADE	316.47	320.35	318.72	33.0	33.3	33.2	9.59	9.62	9.60
WHOLESALE	494.54	514.56	513.54	39.5	40.2	40.5	12.52	12.80	12.68
RETAIL	275.94	277.30	276.74	31.5	31.8	31.7	8.76	8.72	8.73

P = PRELIMINARY

AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES IN THE LAS VEGAS MSA

	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Apr. 1994	May 1994	June[P] 1994	Apr. 1994	May 1994	June[P] 1994	Apr. 1994	May 1994	June[P] 1994
CONSTRUCTION	657.61	650.55	661.15	38.3	38.7	38.8	17.17	16.81	17.04
MANUFACTURING	516.59	504.80	540.54	38.9	40.0	41.2	13.28	12.62	13.12
DURABLE GOODS	494.23	482.89	530.40	37.3	39.1	40.8	13.25	12.35	13.00
NONDURABLE GOODS	566.10	550.15	562.46	42.5	41.9	42.1	13.32	13.13	13.36
PUBLIC UTILITIES	782.80	634.74	648.98	41.2	36.5	37.6	19.00	17.39	17.26
TRADE	310.00	314.88	309.96	32.7	32.8	32.8	9.48	9.60	9.45
WHOLESALE	520.80	549.44	528.43	40.0	40.4	40.4	13.02	13.60	13.08
RETAIL	274.37	274.68	272.79	31.5	31.5	31.5	8.71	8.72	8.66

P = PRELIMINARY

THIS DATA IS PREPARED IN CONJUNCTION WITH THE BUREAU OF LABOR STATISTICS.

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